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TODAY

In Berlin, Clinton Sees Symbol of EU Unity

President Praises Kohl And Calls for Support Of 'Russian Revolution'

Compiled by Our Staff From Dispatches

BERLIN — President Bill Clinton called on the European Union on Wednesday to open up to Turkey and declared that Europe must support Russia on its road to reform.

The president also offered a glowing endorsement of Chancellor Helmut Kohl, who is battling to remain in power. In what aides billed as a major foreign-policy address from the Schauspielhaus, a theater in the former East Berlin, Mr. Clinton saluted Mr. Kohl's economic program as a "far-sighted, courageous course."

In a speech here as part of ceremonies marking the 50th anniversary of the Berlin airlift, Mr. Clinton described the reunited Berlin as "a symbol of what all Europe is trying to become."

The president said that for European unity to work, Russia must become fully democratic. "We have an enormous stake in their success," he said. "Russia is literally recreating itself. We must support this Russian revolution."

Mr. Clinton also called on the EU to open up to Turkey as it has to Eastern European states.

The EU has refused to put Turkey on a list of possible candidates for membership. Germany has been especially cautious because of the large number of Turkish immigrants on its territory.

Mr. Clinton was earlier greeted with full military pomp at Sans Souci Palace, the former summer home of Frederick the Great, who signed the first friendship treaty with the new United States in the early 1780s.

Mr. Clinton warned that despite the progress Europe had made, "many challenges remain," referring directly to the "fragile peace" in Bosnia and the ethnic strife in the Serbian province of Kosovo.

"And so, my friends, 1998 is no less than 1989 demands our boldness, our will and our unity, to finish the work we have started," he said, referring to the year the Berlin Wall fell.

Mr. Clinton gave Mr. Kohl, who is in the midst of a difficult re-election campaign, a strong vote of support when he said Germans would eventually realize that he is "on the right side of history."

He praised Mr. Kohl for advocating economic and monetary union in Europe in the nine years since the fall of the Berlin Wall.

"This magic moment did not simply arrive, it was made and made largely by the vision and determined leadership of Germany and its chancellor," Mr. Clinton said.

He said that while Germans may not fully realize what Mr. Kohl had accomplished, "you are clearly on the right side of history."

"America honors your vision and achievement and is proud to march with you into the new millennium," Mr. Clinton said.

Mr. Kohl is running for re-election in September for a four-year term that

See CLINTON, Page 4



President Bill Clinton and Chancellor Helmut Kohl listening to national anthems Wednesday during a ceremony at Neues Palace in Potsdam.

Riots Flare in Jakarta as Students Are Mourned

Compiled by Our Staff From Dispatches

JAKARTA — Rage over the killings of six students exploded into fresh violence Wednesday as thousands rampaged across Jakarta. Clashes with Indonesian security forces left at least one dead, but some reports from witnesses put the toll at 10.

As unrest flared across the capital and several major cities, President Suharto was reported to have cut short a visit to Egypt with plans to return home on Thursday, an Egyptian official in Cairo said.

A member of the Indonesian delegation refused to confirm the report, saying only, "It depends on the situation."

It's Not All Society's Fault / Nurses in Omaha Try a Different Approach

Getting Teenagers to Listen to What's Best for Them

By Barbara Vobejda
Washington Post Service

OMaha, Nebraska — Zelia Lichtas leans across the kitchen table, scooting closer and closer until she is, literally, in the face of Melinda Dismang, 16 years old and 22 weeks pregnant.

Miss Dismang yawns. She fidgets. She tries to dodge the questions of this nettle-some visitor. But there is no escaping Miss Lichtas. "Have you looked for a job?" Miss Lichtas asks.

"I couldn't get a ride to the tee test," Miss Dismang answers, a clipped reference to the drug test at a grocery store where she applied to be a sacker.

"But you have to follow up," Miss Lichtas says. "How many weeks along are you?"

The girl says she does not know.

Miss Lichtas is undeterred. Over the next hour she pushes Miss Dismang to give up her junk food habits, work on her high school degree, get more exercise and begin taking responsibility for the baby she is carrying.

Miss Lichtas is a nurse whose job is to visit disadvantaged teenage mothers in their homes, and the program she works for has accomplished something highly extraordinary among those trying to reduce teenage pregnancy: It has succeeded in getting young women to have fewer babies.

In a field littered with well-financed efforts that have proven largely unsuccessful, this one has reduced by a third the percentage of women who have a second child while they are still young. Among the poorest mothers, second births went down 43 percent. Even in a period when, nationally, the teenage birth rate has been ebbing after a decade-long rise, these statistics are startling.

WHAT IS different is that the nurses who carry out the work have an agenda and their message is unambiguous: Breast-feeding is better, finding a good job is better, avoiding another pregnancy is better. The best way to achieve that, they believe, is to target young mothers such as Miss Dismang before she has her first baby and stick with her for several years. Throughout, the nurses do not hesitate to tell the teenagers what they believe is best for them.

That is a fundamental departure from the thinking that has shaped the nation's social programs for most of the last half-century. Growing out of the nation's War on Poverty in the 1960s,

social services have been steeped in the philosophy of that era: People are poor not because of character flaws but because of economic, social and racial barriers that have denied them opportunities to advance.

Guided by that thinking, social workers avoided language that could appear to be imparting middle-class values to the disadvantaged. It was seen as inappropriate, even dangerous, for social workers to tell young mothers whether or who to have another child or to get a job.

The new approach is not meant to suggest that character flaws are causing people to be poor but simply to help people see that their own personal choices affect their fate.

Researchers call the nurses' approach "directive" — some say "authoritative" or "paternalistic." Whatever the label, the philosophy behind it is fast gaining currency among political and government leaders, and it is beginning to emerge in social policy across the United States.

IT WAS A driving force behind the 1996 welfare bill, which gave recipients an ultimatum: Work is good for you. Find a job or lose your benefits.

States also are cutting benefits if welfare parents do not immunize their children or make them attend school regularly.

Deadbeat parents are being forced to pay child support in beefed-up collection efforts across the country. Some emergency shelters are refusing to take in homeless adults unless they abstain from drugs and follow strict routines.

"A consensus is growing," said Douglas Beararov, a scholar at the American Enterprise Institute, "that sometimes you just have to say no. Some young people want a clear message about what they should be doing."

The difference between the traditional approach and the more directive one is sometimes subtle. The old strategy has been to say, "If you want to avoid a second baby, here's a condom and how to use it." The directive approach says, "You shouldn't have another baby and here are ways to prevent it."

Advocates for the poor and academics on the left do not reject this approach outright, but they worry that stiffer mandates and expectations are not always accompanied by greater opportunities. Welfare recipients may be required to work, but what if there are no jobs in the inner cities? Is that fair?

In Omaha, the visiting nurses do not wield any sticks — they cannot cancel welfare checks, for



Jeff Beersmann/The Washington Post

Zelia Lichtas, left, a registered nurse, checking on a new mother, Maria Mosqueda, 18, and her son in the successful Nebraska program.

example, if a teenager does not cooperate. The mothers join voluntarily and can drop out any time. So the nurses feel they must be careful not to cross the line into lecturing and berating. But neither do they equivocate.

"If you talk to the nurses, they say, 'I know where I want to get with this young woman,'" said David Olds, a professor of pediatrics at the University of Colorado who developed the program in Elmhira, New York, 20 years ago. "They are very clear about what they want to accomplish."

The Omaha program — known as Prenatal and Early Childhood Home Visitation — is open to low-income teenagers who are pregnant with their first child. Health clinics, social workers or schools refer the girls to the program, which is administered by Creighton University and supported by several local child health clinics with federal funds.

Although the program has been operating in Omaha for only six months, it is a careful replication of the model that Mr. Olds established in New York and has since spread to Memphis, Denver and numerous other communities.

The program has been rigorously studied since its inception.

Research published last year in the Journal of the American Medical Association, which followed participating families for 15 years, found that in addition to lowering subsequent births, the program reduced the verified cases of child abuse by 79 percent, drug and alcohol problems by 44 percent and arrests among the mothers by 65 percent.

The reduction in subsequent births stood out particularly because three-quarters of the girls in one of the nation's most well-funded programs — New Chance — had become pregnant again in just a few years.

TRAVEL UPDATE

Strike Snarls Service On French Railroads

PARIS (AFP) — French rail services were badly disrupted Wednesday, particularly in the Paris area, because of a strike by five trade unions demanding wage increases and extra staffing.

The SNCF, France's state-owned railroad, said traffic was expected to return to normal on Thursday morning except in the Paris area where disruptions would probably continue through the morning rush hour.

The SNCF said traffic on the Eurostar train that links Paris to London was running normally on Wednesday, as were the high-speed TGV trains going from Paris to Lausanne and Zurich. But Paris suburban services and the RER commuter line were badly disrupted, with traffic estimated at between 25 percent and 30 percent of normal levels.

4 U.S. Airlines Sign Pacts With Air China

MINNEAPOLIS (AP) — Northwest Airlines, Continental Airlines, American West and Alaska Airlines signed agree-

ments with Air China to share frequent-flier programs and cooperate in other areas.

The accords, signed Tuesday, should be ready for implementation as soon as the carriers are granted government approval, said Michael Levine, a NorthWest vice president.

The code-sharing agreements will allow passengers to transfer easily between flights on the different carriers.

The pacts also involve coordinated schedules and connections, linked reservations systems, reciprocal frequent-flier programs and joint marketing, sales and promotion activities.

Count Now at 8 Planes With Bad Fuel Wires

WASHINGTON (Reuters) — Inspections of 114 older Boeing Co. 737 aircraft have revealed eight cases of exposed fuel tank wires, the Federal Aviation Administration said Tuesday. In another 24 cases, the wires going to fuel pumps in the wings had lost at least 50 percent of their insulation, the agency said.

On Sunday, the agency grounded 179 U.S.-registered 737s with more than 50,000 flight hours pending checks and repairs of the wires traveling through metal conduits in wing fuel tanks.

Correction

A Page 1 article in Tuesday's editions on the Berlin Airlift 50 years ago incorrectly reported that Jack Bennett flew more missions into Berlin than any other pilot. Mr. Bennett said he flew 60 missions with the civilian carrier American Overseas Airlines. Some U.S. Air Force pilots flew more than 400 missions, according to an air force historian.

U.S. Reportedly Backed U.K. Mercenaries in Africa

By Raymond Bonner
New York Times Service

LONDON — A British mercenary force that helped carry out military operations in Sierra Leone this year kept the Clinton administration fully informed of its activities and had its tacit support, the military group and a senior administration official said.

The operation was successful from the perspective of Washington and London, helping restore to power an elected president of Sierra Leone, Ahmad Tejan Kabah, who had been ousted by a group of army officers a year earlier.

But in accomplishing its mission,

Sandline International, a British security concern that was paid \$10 million on behalf of Mr. Kabah to arm and train a force to return it to power, reportedly brought in plane loads of assault rifles, mortars and ammunition — more than 100 tons altogether — in violation of a United Nations arms embargo on Sierra Leone.

In Britain, the disclosures about Sandline, which first came to light in March in *Africa Confidential*, a newsletter here, have become front-page news, creating a political maelstrom. Foreign Minister Robin Cook, under attack by the press and the political opposition, has said he will resign if the arms embargo was knowingly violated.

On Monday, Prime Minister Tony Blair dismissed the allegations as a lot of "ho-ho-ho," and praised the British ambassador to Sierra Leone, Peter Penfold, who reportedly coordinated the Sandline operation, for helping restore the elected president. On Tuesday, Mr. Blair's office released an "unprompted" letter from Mr. Kabah, who said that he neither had sought nor was offered arms, supported by the British government. Mr. Kabah was restored in March with the help of a Nigerian-led African force that ousted the junta. Sandline said it had been asked by Mr. Penfold to assist the effort.

Last month, the British customs au-

thorities opened an investigation into whether Sandline broke the embargo with the approval of Mr. Cook's ministry. In Parliament on Tuesday, Mr. Cook vehemently denied that his office had ever received once that the embargo would be broken. "I can flatly and firmly make it clear that no papers suggesting the breach of the arms embargo by Sandline or anybody else ever went to my office in March or anytime before that," he said.

Washington has also sought to play down the affair. In his briefing Monday,

Among those briefed, the lawyers

said, were the American ambassador to Sierra Leone, John Hirsch, and senior State Department officers. The letter also says the operation, which included "both personnel and military equipment," had the support of the Defense Department.

The senior administration official generally confirmed this. "We were fully aware of what was going on," he said. He said Washington was pleased that Britain took the lead among Western nations in helping out the junta, and described American support for Sandline's operation as "passive," rather than active.

As for the State Department's assertion that it knew nothing about the arms shipments, the official said: "If you believe that, well, I've got some other information to sell you."

WEATHER

Europe

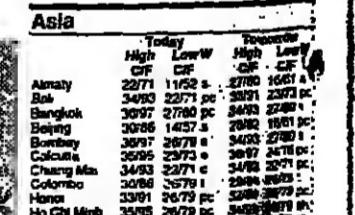
Forecast for Friday through Sunday, as provided by AccuWeather.



Legend: sun = unseasonably cold; clouds = unseasonably warm; rain = heavy rain; snow = heavy snow; wind = wind.

Maps, forecasts, and data provided by AccuWeather, Inc. ©1998 <http://www.accuweather.com>

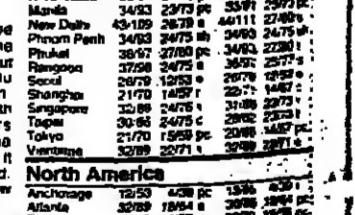
Asia



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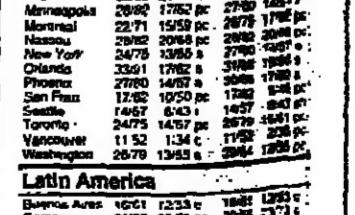
North America



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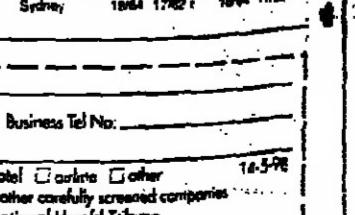
South America



Legend: sun = unseasonably cold; clouds = unseasonably warm; rain = heavy rain; snow = heavy snow; wind = wind.

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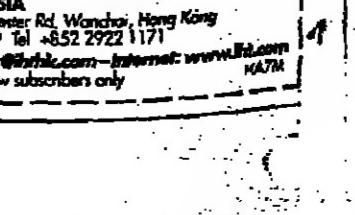
Latin America



Legend: sun = unseasonably cold; clouds = unseasonably warm; rain = heavy rain; snow = heavy snow; wind = wind.

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Oceania



Legend: sun = unseasonably cold; clouds = unseasonably warm; rain = heavy rain; snow = heavy snow; wind = wind.

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Facing Probe, A Governor Steps Down In Mexico

New York Times Service

CUERNAVACA, Mexico — A state governor who faced growing citizen protests over the blatant local activities of kidnapping gangs and drug traffickers has announced that he is stepping down.

The governor of Morelos, Jorge Carrillo Olea, a retired general who is a prominent member of President Ernesto Zedillo's governing party, made his announcement Tuesday in a radio broad-

cast.

Mr. Carrillo had resisted calls for his resignation for months, and opposition lawmakers were preparing to open public investigative hearings on his govern-

ership this week.

"Today, the last day of my governship, I want to help foster peace and tranquillity by presenting my request for a leave of absence," Mr. Carrillo said in the broadcast from Cuernavaca, the state capital, just south of Mexico City.

Officials said that the leave would be permanent and that Mr. Carrillo would relinquish powers when the Morelos Congress formally accepted his request, perhaps as early as Wednesday.

In an exercise that will mark a new test of Mexico's emerging democracy, the 30-seat local Congress, which is controlled by 18 opposition deputies, has 30 days to select Mr. Carrillo's successor.

Under the traditional system that operated in Mexico until recently, state governors who ran into trouble were relieved of their duties by the country's president, who also handicapped their replacements.

Corruption charges dogged Mr. Carrillo for more than a year, but the crisis deepened in January, when the commander of the police anti-kidnapping squad in Morelos was arrested in a nearby state as he dumped the body of a prisoner he had tortured to death. The commander later testified that the Morelos police had helped several traffickers turn the state into an operating base.

"Glass, you're going to be in some pain," the man said, "but we'll make it better." The man, a plainclothes police officer, added, "We'll make it better."

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THE AMERICAS

Immigrants Given Back Benefits

In a Retreat, Senate Votes to Restore Food Stamps to 250,000

By Lizette Alvarez
New York Times Service

WASHINGTON — The Senate has voted to restore food stamps to a quarter of a million legal immigrants and refugees, retreating from some of the provisions of the 1996 welfare overhaul law.

The restoration was part of an agreement Tuesday between the two chambers and is expected to pass the House. It would be the second time in a year that Congress has backed away from the landmark welfare law, which has been criticized as unduly harsh to immigrants.

The measure passed overwhelmingly, 92 to 8, despite a Republican broadside from Senator Phil Gramm of Texas, who contended that it would lure immigrants to the United States for the wrong reasons. Lawmakers have been under considerable political pressure from President Bill Clinton, Republican governors and immigrant groups to restore some aid to legal immigrants since the welfare law cut them off the rolls.

Last year, Congress voted to reinstate Medicaid and Supplemental Security Income to some immigrants as part of the balanced-budget agreement, but food stamps were not part of the package.

The House is expected to take up the provision in the next few weeks, as part of a larger agricultural research and crop

insurance bill. It faces slight opposition among conservatives who object to both the food stamp and agricultural research provisions.

"With this action, we have reaffirmed our compassion and our priority for taking care of the most vulnerable in our society," Senator Tom Harkin of Iowa, the ranking Democrat on the Agriculture Committee, said in his opening remarks. "The bill takes a major step toward fulfilling a promise that was made by our president and many of us here in the Congress on both sides of the aisle to correct inequities made in the 1996 Welfare Reform Act."

The provision, which would cost \$816 million over five years, would restore food stamps to about 250,000 legal immigrants — children, the elderly and the disabled — who were dropped from the program in 1996.

The measure would be paid for in large part through cuts in what the federal government pays states to run the food stamp program.

To qualify for the nutrition benefits, immigrants must have been living in the United States on Aug. 22, 1996, the day Mr. Clinton signed the welfare overhaul law. Those who arrived after that date would not be entitled to food stamps.

The measure would also enable refugees and people who have received

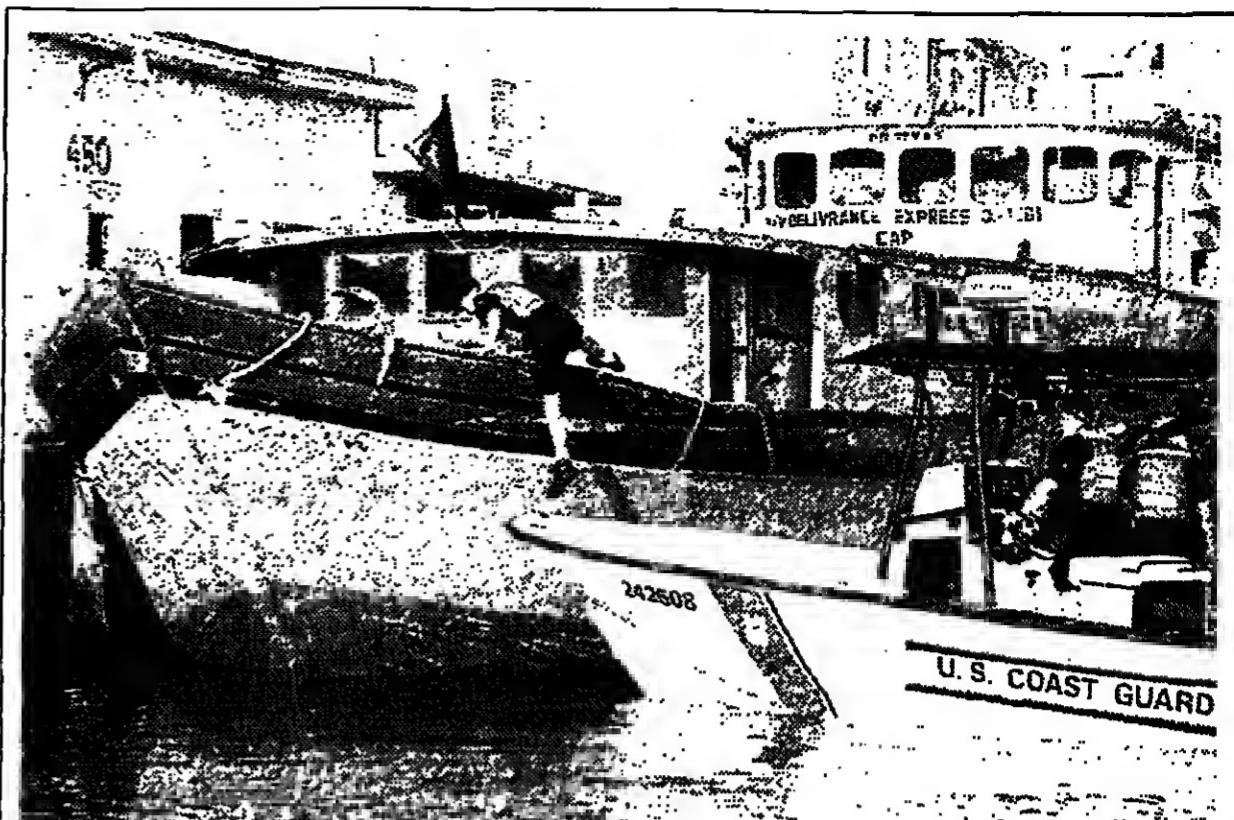
asylum in the United States to receive nutrition benefits for seven years, instead of five. Refugees are in a separate category from legal immigrants because they are classified as victims of political persecution.

Before the welfare overhaul, legal immigrants constituted 1.8 million of the 25 million food stamp recipients, a number that dropped to about 800,000 after the bill became law.

The sharp drop in the number of legal immigrants entitled to benefits, many of whom had lived and worked in the United States for years, prompted sharp criticism from immigrant groups who asserted that noncitizens had been unfairly singled out. The nation's governors joined in the campaign, fearing they would have to shoulder a larger share of the financial burden.

The president, responding to the outcry, promised to work to restore many of the lost benefits. And Republicans, concerned about further alienating Hispanic voters, agreed to revisit the welfare legislation, one of their proudest achievements in 1996.

Last week the Physicians for Human Rights drew attention to a new study showing hunger among immigrants in three states at "alarmingly high" levels. The group urged Congress to pass the food stamp provision.



Craig Bailey, Reuters

A Coast Guardsman leaping onto a freighter that took 160 illegal Haitian immigrants to central Miami.

Hype and Hoax in the New Journalism

Magazine Writers Tempted to Make It Up When the Pressure Rises

By Howard Kurtz
Washington Post Service

WASHINGTON — Not long ago, Stephen Glass, a New Republic writer, was having lunch with a journalist friend who cautioned him about all his freelance contracts with high-powered magazines.

"Glass, you're going to blow up at some point," the friend recalled saying. "You can't turn out this much copy. It's just not possible."

The explosion came last weekend when the New Republic fired the Mr. Glass, 25, for fabricating the characters in a piece in the issue dated May 18 about a teenage computer hacker. Friends and colleagues were in tears at a staff meeting Monday. They are still stunned that Mr. Glass devised a phony voice-mail recording for the fictional company he invented, along with a bogus corporate Web

site on America Online — in which Mr. Glass even included scathing criticism of his own article.

The fiasco has thrown a harsh spotlight on a small but high-profile group of young writers who are skipping the hush leagues and jumping straight to the majors. And a mecca for these journalists is Washington, a place that many magazine editors consider dull unless writers bring it to life with "attitude" and "voice," thereby generating the all-important element of buzz.

"Journalism didn't use to appeal to people who wanted to become famous," said Charlie Peters, editor of Washington Monthly, who for three decades has hired and coached promising young journalists. "Now you've got people drawn to Washington who used to be drawn exclusively to New York or L.A. — Washington

journalism has become another path to becoming famous."

The Glass episode raises deeper questions as well: Why would anyone risk a thriving career by making things up? Why wasn't Mr. Glass, who was also writing for Harper's, George and Rolling Stone, caught earlier? Is the magazine world more fixated on hot copy than factual reporting?

Mr. Glass was part of a symbiotic culture in which prestigious but unprofitable Washington magazines hire reporters for modest pay and encourage them to moonlight for affluent New York magazines. The Manhattan glossies gain entree to the capital without having to pay full-time salaries, and the young hot shots find themselves juggling multiple jobs.

"Everyone in journalism wants to make as much money as the lawyers and various other people they write about," said Rich Blow, Washington editor of George magazine, which terminated Mr. Glass's contract Tuesday.

Tucker Carlson, a 28-year-old reporter for the Weekly Standard, said: "The pressure I see is to turn out only hit pieces and take down someone big. I've certainly felt it. They make a louder bang when they go off."

But there is still a wide chasm between hype and hoax. The most notorious young journalist of an earlier generation was Janet Cooke, the former Washington Post reporter who won a 1981 Pulitzer Prize for a bogus story about an 8-year-old heroin addict named "Jimmy." The Post returned the prize after Ms. Cooke admitted fabricating the story; she later said she was desperate to get off the paper's Weekly staff.

Ambition seems to be a common thread. Ruth Shalit, a New Republic writer who ran into trouble at 24 for a series of plagiarism incidents, told George magazine: "When you're a young reporter, you're a little

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THE WORLD'S DAILY NEWSPAPER

Court Clears 2 in Texaco's Race-Tape Scandal

New York Times Service

NEW YORK — Two former Texaco Inc. executives who had been caught on tape discussing the destruction of documents demanded in a racial discrimination lawsuit against the company have been found not guilty on charges they had attempted to obstruct justice.

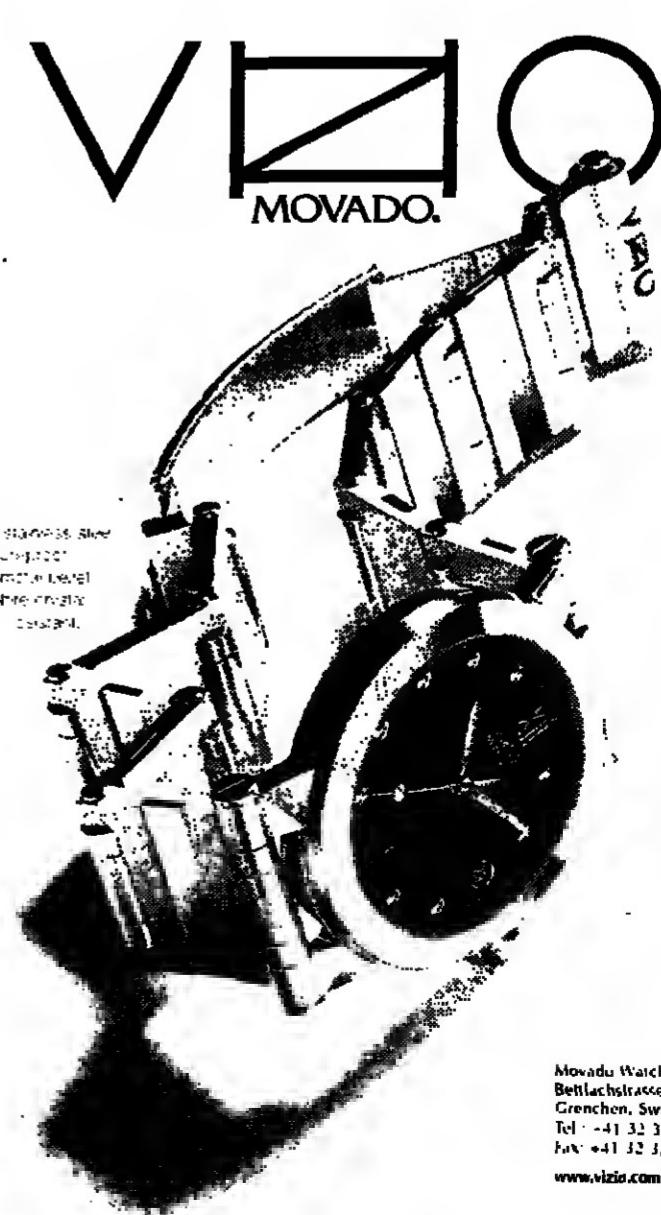
The jury at federal district court, in White Plains, New York, where Texaco is based, concluded Tuesday that there was not enough hard evidence against Richard Lundwall, the man who secretly recorded the meetings, and Robert Ulrich, the former treasurer of the big oil company.

At the time they were first disclosed, the contents of the

tapes, in which executives made disparaging comments about minorities at Texaco, prompted boycotts of the oil company and raised broader questions about whether corporate America had been paying mere lip service to promoting diversity in the workplace. Texaco responded by settling a race discrimination case out of court for \$175 million and creating a program to promote more minorities.

But the civil case also

raised questions about potential criminal actions. Several passages on the tapes suggested that Mr. Ulrich and Mr. Lundwall had discussed hiding or destroying evidence sought by the employees who were suing the company for race discrimination.



Movado Watch Company
Bettlachstrasse, 8 CH-8240
Grenchen, Switzerland
Tel: +41 32 329 36 00
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INTERNATIONAL

Bearing the Euro's Message of Stability to Washington

France's Socialist government seems to be seeking a closer dialogue with the Clinton administration, and Pierre Moscovici, the minister for European affairs, travels to Washington this week for talks. He spoke with Joseph Fitchett of the IHT about how Paris sees European trends.

Q. U.S.-French relations are polite but uneasy these days. You're one of a dozen cabinet ministers who are suddenly visiting Washington. Is this a fence-mending exercise?

A. There's a strong need for clarifying discussions between the United States and Europe and the United States and France because a lot is happening in our relations — for example, around the euro. I'm sure Americans understand that the euro is going to be a factor of stability in world markets. It moves us toward a multipolar system and shared leadership in global monetary affairs. The euro will make markets less vulnerable to speculation and that extra stability is welcome on both sides of the Atlantic.

Q & A / Pierre Moscovici, France's Minister for European Affairs

Q. Are you saying that the euro will be too big a currency for speculators to tackle it?

A. In a technical sense, foreign exchange markets can shut down right now as far as the 11 currencies are concerned whose countries have joined the euro. Even though the national banknotes and coins are still out there, those currencies are effectively in the euro because we set their parities last week. So it's pointless to try playing off those currencies against each other. Notice that any currency speculation in Europe is directed at currencies outside the euro.

Secondly, the euro will be a reserve currency of an economy comparable to that of the United States, so it is likely to quickly play a major role in international trade.

Q. At what rate of exchange between the two?

A. Probably roughly the current parity, which has varied only slightly recently. Already, that reflects European governments' success in achieving economic convergence. It was a contributing factor in Europe's ability to emerge relatively unscathed from the economic turmoil in Asia, a benefit of the sort that we expect to see more and more as the euro gains importance.

Q. Is that your message to Japan about the euro's importance?

A. We're still worried, but we're also optimistic that the necessary reforms can be carried out by the Asian countries, notably Japan, perhaps faster than most people seem to expect. When that happens, we'll be evolving toward a monetary world with three poles — the dollar, the euro and an Asian currency.

Q. Haven't you sacrificed a lot for stability via the euro?

A. In Europe we've all decided that our economies only suffer from competitive devaluations and that we all gain by standing together. Nobody forced any country to join. We've been pursuing this goal for more than 20 years, so we think that the worst shocks are behind us.

Q. But hasn't France already shown that it wants to make room for more political decisions in the future European Central Bank — and perhaps on occasion more inflation — by trying to impose Jean-Claude Trichet instead of Wim Duisenberg as the bank's first head?

A. Mr. Trichet, who will succeed Mr. Duisenberg, has been France's toughest anti-inflation fighter for 20 years. In that respect, the pair are identical twins. If anybody wanted inflation in Europe he now knows there's no hope of it for the next 12 years under these two central

bankers. So there was no problem of personalities, but there was an issue of principle. We want the central bank to be independent, but we also want the chairman to have a dialogue with political leaders — just as the chairman of the Federal Reserve does in the United States. Mr. Greenspan is independent, but he testifies to Congress, he talks to the president.

So we wanted to make the point that the head of the European Central Bank is appointed by the heads of state and government and not simply co-opted to the top job by other central bankers. It's true, too, that having a French head take over reasonably early in the new bank in Frankfurt does fit the pattern of a broad equilibrium in top European jobs that is healthy for the French-German relationship and the outlook for integration.

Q. The top job at the European Bank for Development and Reconstruction is open. Does France have to keep that job too?

A. The central bank job raised a question of fundamentals. In this job at the development bank, France has its candidate, but the context is different and fits essentially into the overall distribution I mentioned.



Jacques Boissin/The Associated Press
Pierre Moscovici, going to America.

BRIEFLY

Palestinian Worker Killed in Jerusalem

JERUSALEM. — A Palestinian worker was stabbed to death Wednesday in an Orthodox Jewish neighborhood here, apparently in revenge for the fatal stabbing of a seminary student in the Old City a week ago.

The worker, Khayri Alqam, 51, a father of nine, was stabbed in the back at 5:30 A.M. on his way to work in the Beit Yisrael neighborhood, a short walk from East Jerusalem. It was the sixth stabbing of Arabs in the Orthodox area in recent months, but the first in which the victim was killed. (NYT)

on Wednesday to confront the Roman Catholic Church's role in Rwanda's genocide.

African Rights, which is based in London, criticized the church for trying to protect the accused, rather than confronting the accusations, and for neglecting the survivors of the 1994 state-sponsored bloodbath.

"The Catholic Church must play a constructive role in Rwanda as long as it continues to provide sanctuary to genocides suspects," African Rights wrote in a letter to the pontiff. The Vatican had no comment. (AP)

Canada Gets Tough

OTTAWA. — Canada's Liberal government has unveiled tough steps to deal with violent youth, bowing to more than a decade of public protest that the country's rehabilitation-based laws are too soft.

Justice Minister Anne McLellan said that youths aged 12 to 17 who commit violent or repeat crimes would face harsher penalties, including adult sentences and possible public exposure. In addition, the media will be given greater freedom to name youth offenders, particularly those who receive adult sentences. (Reuters)

For the Record

The Peruvian Congress has voted to grant President Alberto Fujimori sweeping powers to pass emergency legislation against crime, a week after the machine-gun murder of a prominent gold miner. (Reuters)

The FBI said it would report its findings on a 1994 anti-Jewish bombing in Buenos Aires that killed 86 people to the Argentine government within a month. (Reuters)

Iraq Finalizes Plan On Aid Distribution

BAGHDAD. — Iraq is nearly ready to submit its aid distribution plan under an extended "oil for food" deal, a UN official said Wednesday.

Eric Falt, a spokesman for the UN coordinator in Baghdad, said Baghdad was "very close" to sending its plan to the UN secretary-general, Kofi Annan. Mr. Falt added that discussions were continuing "in an atmosphere of honest cooperation" and that there were only a few questions in the plan remaining to be solved.

The UN Security Council has approved an increase in the value of the oil pact from the \$2 billion every six months to \$5.25 billion to buy food, medicine and other supplies to help offset sanctions. (Reuters)

Vatican Under Fire

VATICAN CITY. — A human-rights group urged Pope John Paul II

CLINTON: President Urges EU to Open Door to Turkey and Calls for Support for Russia

Continued from Page 1

would see him leading Germany beyond 2000.

After his speech, Mr. Clinton met with Mr. Kohl's rival in the elections, Gerhard Schroeder of the Social Democratic Party.

Mr. Clinton laid out a broad agenda for stabilizing Russia, leveling trade barriers, strengthening international institutions such as the North Atlantic Treaty Organization and ensuring that Europeans can "march toward greater unity" on economic, social and political fronts.

"Without the courage of ordinary people, the wall would not have come down and the new Europe would not be unfolding," he said.

"Now it falls to each of us to write the next chapter of this story. We must build a Europe like Germany

itself — whole and free." Mr. Kohl returned the compliment, thanking American companies for creating some 60,000 jobs in Germany.

Beyond free trans-Atlantic trade, Mr. Kohl said he also wanted to remove trade barriers within the European Union.

"We Germans will not accept a fortress Europe," he said.

The Clinton trip was planned around the annual meeting of the major industrialized nations: the United States, Canada, France, Germany, Britain, Italy, Japan and the newest member of the club, Russia. The leaders will convene this weekend in Birmingham, England.

The Continent is in the midst of extraordinary change, led by the formal agreement of 11 nations to launch a common currency that eventually will replace their national currencies, an experiment that will alter

the economic and political relationship within the EU.

Mr. Clinton is helping to commemorate an important chapter in the history of both countries, the Berlin airlift. Beginning in the spring of 1948, the United States launched a huge airlift of food and other supplies to break a road-rail blockade of Berlin established by the Soviet Union. The airlift ended more than a year later when the Soviets ended the blockade.

German leaders say the arrival of an American president is a significant moment for the country, but they recognize that the context today is far different than before the fall of the Berlin Wall. Now the relationship is built more around economic than security issues, as shown last week by the proposed takeover of Chrysler Corp. by Germany's Daimler-Benz AG. (AFP, AP, WP)

MARKETS: Rising Rates and Indonesian Violence Shake Asian Stocks and Currencies

Continued from Page 1

youngest son, from a showroom, overturned the vehicles and tried to set them on fire, Reuters reported. They also broke into a branch of the Bank of Central Asia, which is owned by the Salim group, which in turn is headed by one of Indonesia's most prominent ethnic Chinese families and by some members of Mr. Suharto's family.

In Hong Kong, regional political turmoil and continued worries over the stability of the Hong Kong dollar and the Chinese yuan sent stocks plunging by 3.78 percent to their lowest level since the market slumped on Jan. 12. The benchmark Hang Seng Index fell 372.22 points, to 9,469.29.

The sharp fall in Hong Kong, which is now down 11.7 percent in the year to date, and continuing worries over China's slowing economy and shaky banking system may signal a new phase for Asian investors, who previously considered the stable currency environments of Hong Kong and China as relatively isolated from the perils of the Asian economic crisis.

"All the evidence from China points to a continued slowdown of economic activity. This is the last part of Asia where market perception has yet to coincide with reality," says the latest edition of Santander Investment's weekly report on Asian markets. Santander's model portfolio is heavily overweight by of 3.78 percent to their lowest level since the market slumped on Jan. 12. The benchmark Hang Seng Index fell 372.22 points, to 9,469.29.

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ASIA/PACIFIC

In a Taunt at U.S., North Korea Suspends Nuclear Freeze AgreementBy Elisabeth Rosenthal
New York Times Staff

BEIJING — North Korean officials have announced that they are suspending their compliance with the 1994 nuclear freeze agreement that was intended to dismantle their country's nuclear program. U.S. officials have said the program was intended to produce weapons.

Protesting that the United States had failed to honor promises to send money and fuel oil, a high-ranking member of the North Korean government told a visiting academic Saturday that North Korea had recently decided to unseal a nuclear reactor that under the agreement was to have been closed permanently, and had also barred technicians from packing the last of the reactor's spent fuel rods for shipment out of the country. These rods contain plutonium that can be used in nuclear weapons.

Although North Korea's decision to reopen the plant, in Yongbyon, about 90 miles (145 kilometers) from the capital, Pyongyang, had no immediate effect, some arms experts called it an

ominous, symbolic action. "This is like somebody dusting off the old .45 and making sure that it shines, but not loading it," said Gary Milhollin, director of the Wisconsin Project on Nuclear Arms Control. "They're sending a clever signal in our direction saying, 'Remember, we can still cooperate.' Mr. Milhollin also said that the approximately 200 spare rods did not contain enough plutonium to pose a nuclear threat.

Under the 1994 agreement, North Korea pledged to dismantle its nuclear program in exchange for U.S. promises to build two light water reactors to generate electricity, to deliver 500 metric tons of oil annually. North Korea also promised to ease barriers to trade.

Although the United States has run into trouble raising the billions of dollars required to pay for these measures, it has repeatedly said it would carry out its side of the agreement.

But last Friday, North Korea's government-run Korean Central News Agency expressed deep displeasure with the pace of U.S. efforts, and hinted that the North Korean government

might restart its nuclear program. North Korea "should no longer lend an ear to the empty promises of the United States' side, but open and readjust the frozen nuclear facilities and do everything our own way," a statement from an unidentified Foreign Ministry official said.

And the next day, Foreign Minister Kim Yong Nam elaborated on the statement in a private two-hour meeting in Pyongyang with an American expert on Korea, Selig Harrison, of the Twentieth Century Fund.

According to Mr. Harrison, Mr. Kim said that on April 19 the North Koreans had opened up the previously sealed plant to "conduct maintenance on the reactor," and had also halted the "canning of spent fuel rods" from the reactor. Two hundred of the reactor's 8,000 rods have not yet been prepared, he said.

"We are keeping up our progress in implementing the nuclear freeze agreement, but the U.S. is behind," Mr. Kim told Mr. Harrison, who spoke with reporters in Beijing en route back to the United States. "So we have now decided to slow down and suspend certain aspects of the

agreement." He said that once the United States had a chance to "catch up," North Korea would resume cooperation.

The North Koreans contend that the United States is behind schedule in heavy fuel shipments and in its preparations to build the new reactors, to be completed by 2003.

The State Department said Saturday that the United States had lived up to its obligations, noting that even though oil shipments have been somewhat slow for the first part of the year, the stipulated quota would be met by year's end.

"Anything that would happen to undermine the integrity of that agreement from the North Korean side or from the outside would be, in our view, extremely lamentable and regrettable," Thomas Pickering, the U.S. undersecretary of state for political affairs.

As to whether the North Korean action of reopening the reactor at Yongbyon threatened the agreement, a State Department official who spoke on condition of anonymity said that he had no information about the unsealing of the plant. He said that whether the act violates the agree-

ment depends on what those "maintenance activities are," whether they are "restarting the reactor or sweeping the floors."

He added that, according to the U.S. government's information, "the canning of the rods is essentially done," although he acknowledged that a small fraction of the rods — some in fragments — might remain.

North Korea has generally honored its commitments under the 1994 agreement, experts said, largely dismantling its nuclear program and lifting restrictions on trade with the United States.

But the course of the agreement has been bumpy. The United States has been unhappy with what it sees as North Korea's tepid attempts to improve relations with South Korea. North Korea, in turn, had been angered by what it regarded as the United States' half-hearted efforts to remove trade barriers — efforts that have so far been mostly limited to allowing phone and fax lines.

Despite the announcement, Mr. Harrison said that North Korean leaders had made some conciliatory statements during his talks.

Washington Urges Suharto To Ease Grip

New York Times Staff

WASHINGTON — The United States says that Indonesia needs to undergo "political reform" if it is to have any hope of regaining stability, Washington's first public insistence that President Suharto loosen his iron grip.

But the White House has decided not to make those reforms a condition for continued U.S. support for economic aid to the country. A senior administration official said that "the aid is overwhelmingly humanitarian, and we believe it is in the interest of the Indonesian people that we go ahead with those programs."

In a statement issued Tuesday evening, Secretary of State Madeleine Albright said that Indonesia "needs to break the cycle of violence which appears to be emerging," and that "the United States deplores the killings" that left at least six students dead Tuesday after a protest in Jakarta.

The statement followed a day of internal debate within the administration in which several officials were clearly concerned that Washington is now, in the words of one, "too associated with Suharto."

But one official familiar with the Monday night White House strategy session said that there was no discussion of encouraging Mr. Suharto to leave office.



OUT THEY GO — A Malaysian policeman smoking a cigarette as he supervises the deportation of illegal Indonesian workers on Wednesday at Port Klang, near Kuala Lumpur. A total of 903 illegal workers were rounded up in the northern states of Penang and Perak and were sent back to Indonesia in three vessels.

BOOKS**TALES OF THE NIGHT**

By Peter Hoeg. Translated from Danish by Barbro Havelund. 378 pages. \$23. Farrar Straus Giroux.

Reviewed by Katherine Dunn

THE Danish writer Peter Hoeg made an explosive American debut in 1993 with his suspenseful literary thriller "Smilla's Sense of Snow."

The title character, Smilla Jaspersen, is a remarkable female protagonist whose complex power is revealed in a lush layering of action, dialogue, image and flashback. The book's core gravity is her passionate intelligence as a scientific expert on the subject of ice and snow. The peculiar nature of frozen water is an extended metaphor forming the crystalline structure of the entire book.

"Tales of the Night," Hoeg's newest work, is an intriguing collection of short stories. Described by the publisher as the author's second book, this collection seems to have appeared in Denmark before "Smilla's Sense of Snow." It displays Hoeg as an old-fashioned storyteller in fable forms reminiscent of Isak Dinesen and Joseph Conrad. Yet the concept of the obsessed expert is as central to the fables as it is to Hoeg's modern thriller. A brief introductory note says: "These eight stories are linked by a date and a motif. All of them have to do with love. Love and its conditions on the night of March 19, 1929." The word "love" here describes not only attachments to other people but also the focused dedication the characters bring to their various callings in art, science and law. The conflict is between human emotional warmth and the hubristic seductions of vocation.

The reader is never told why that particular date in 1929 was chosen, but its remoteness allows a formal language and a deliberately historical tone. The cast varies drastically, and the settings are diverse — central Africa, Lisbon, Copenhagen's respectable residential enclaves. But the structure has a comfortably ritualized panem of story within story. The dispassionate narrator launches each matter authoritatively, and the characters tell their own tales.

Though the characters begin as types — the dancer, the judge — they are revealed as substantial and sympathetic individuals as each tells of dramatic events and conflicting obsessions. Despite the seeming limitations of the fable format, Hoeg's genuine narrative gifts fill these tales with surprise and excitement, a kind of breathless anxiety for what will happen on the next page and the next.

The Homage to Bourneville" begins in exotic fashion with a pair of starving fugitives warming themselves over a small fire on the deck of a half-foundered sailboat moored in the harbor at Lisbon. The police are searching for them and they will soon be arrested. Both fugitives are dancers. One is a haller dancer from Denmark. The other is a Muslim mystic of the banned order of dervishes. As they wait for the police, the haller dancer tells the astonishingly gritty though romantic tale of a brilliant hallerina who lies to serve her art.

Hoeg spent much of his youth as a ballet dancer, and the grueling demands of this art form become tangible on the page. The Bourneville of the title may well refer to one or both of two 18th-century French choreographers and ballet directors, Antoine and his son August.

Hoeg inserts historical figures into

several of these fictions, molding them for his own purposes. "Journey Into a Dark Heart" is a gleefully satiric revisit of "Heart of Darkness" by train rather than riverboat. A venerable gentleman named Joseph Korzeniowski (Conrad was his pen name) is first presented as an author and journalist and then emerges as a ruthless mercenary.

Hoeg's vigorous dissection is undeterred by the fact that the real Conrad died five years before the date of this story. Also re-told on this fateful train is Paul Von Lettow Voerbeck, the German general who was noted for his delaying tactics in the African campaign during World War I. A significant cameo appearance is made by the young Kurt Goedel, a real mathematician whose work demonstrated that no mathematical system can be free of inconsistency.

Revelations and reversals peel out of an elaborate scenario in what becomes a poignant game.

The most satisfying tale for this reader is "The Verdict on Ignacio Landstad Rasker," in which a Danish supreme court judge finds his lifelong service to the law challenged by the young author he has just convicted and sentenced for homosexual perversion.

"Tales of the Night" provides fascinating evidence of Hoeg grappling with concepts that appear later in "Smilla's Sense of Snow." But these stories have their own almost anachronistic pleasure. The leisurely tone and exploratory dourness lead them a luxuriant intellectual flavor that enhances the momentum of action and the finely tuned plot.

Katherine Dunn, author of "Geek Love" and other novels, wrote this for *The Washington Post*.

BRIDGE

By Alan Truscott

ONE of the best ways for a novice to improve is to play a session with an expert. A special opportunity arises when a club organizes a pro-am game in which the experts donate their time and try to make sure that their partners enjoy themselves and learn something.

Sixty pairs took part in such a game at the Honors Club in Manhattan. The winners were Elliott Grubman and Arlene Harriton, and everything was sweetness and light. Experts who normally snarl when their partners commit a stupidity simply smiled forgivingly.

On the diagrammed deal, the problem was how far to compete. East-West can make four diamonds, and if they reach that level it will pay North-South to continue to four hearts. That contract appears favored by the gods: There is no way for the defense to take two club tricks. After two diamond leads, for example, South can cash the ace-queen of hearts, then play spades. With the heart king remaining in the dummy, he cannot be prevented from eventually discarding a club

loser on the fourth round of spades.

But at most tables North-South played in three hearts, and the defense began with a diamond to the ace and a second diamond. South believed he had four sure losers and concerned himself with making nine tricks, not 10. Guarding against the possibility of all four hearts being on his right, some declarers led immediately to the heart king.

Now there was no genuine way for South to make more than nine tricks, for East can hold up the spade ace until the third round, leaving South with no way to avoid two club losers. In an expert game, West signals with the spade nine to show an even number, and East knows what to do.

However, in this game all the East players were novices, and could not be expected to cope with the signal-count-hold-up situation. So all but one of the South players made 10 tricks anyway. In the odd case, East played low on the king and jack without the slightest hesitation.

South had a bottom score and knew it. He was ready to congratulate East until that player explained that the spade ace had been hidden, and had only come to

light just in time to win the third round of spades. South's jaw dropped about two feet.

NORTH
♦ Q 10 8 7
▼ K 9 2
♦ 5 4
♣ Q 10 9 7

WEST(D)
♦ 9 4
▼ J
♦ 8 6 3
♣ K 8 6 5 3

EAST
♦ A 6 5 2
▼ 10 5 3
♦ A Q 10 7 2
♣ A

SOUTH
♦ K 3
▼ A Q 8 7 6 4
♦ K 1
♣ 4 2

East and West were vulnerable.

The bidding:
West Pass
North Pass
East 1 ♦
South 1 ♠

2 ♦ 2 ♠ 3 ♠ 3 ♠
Pass Pass Pass

West led the diamond nine.

INTERNATIONAL HERALD TRIBUNE, THURSDAY, MAY 14, 1998

ASIA/PACIFIC

Seoul Wants to Invite Japanese Emperor

SEOUL — South Korea said Wednesday it would like to invite Emperor Akihito of Japan to visit, and that barriers to Japanese culture in the country could be lifted.

Foreign Minister Park Chung Soo of South Korea said that he would explore these and other issues on a visit to Japan next week that aims to improve ties between the countries.

President Kim Dae Jung, who spent time in Japan during his dissident days and speaks Japanese, would like to invite Emperor Akihito when he visits Tokyo in the autumn, Mr. Park said.

South Korea has banned Japanese music, movies, theatrical and cultural performances since the country was liberated from Japanese occupation at the end of World War II. (Reuters)

China Leaders Urge Taiwan to Reunify

BEIJING — Leaders of China's ruling Communist Party have called on Taiwan to take more positive steps toward reunification with the mainland, the Xinhua press agency said Wednesday.

A three-day conference attended by Jiang Zemin, Communist Party chief and state president, ended in Beijing on Wednesday urging Taiwan "to create

favorable conditions for China's reunification," Xinhua said. The meeting called on the party to try to bring Taiwan back into the fold peacefully under the "one country, two systems" formula used to secure the return of the former British colony of Hong Kong last year. (Reuters)

Hong Kong Activists Accused Over Flags

HONG KONG — Two opposition activists appeared in court Wednesday charged with desecrating the flags of China and Hong Kong, the first time such laws have been invoked since the territory returned to Chinese rule.

Ng Kung-siu, 25, and Lee Kin-yun, 19, pleaded not guilty to two counts of desecrating China's national flag and Hong Kong's regional flag.

Despite their plea, the activists said that they agreed fully with details of the police account. Paul Harris, a human rights lawyer defending the activists, told the court his clients were challenging the laws under which they were charged. (Reuters)

For the Record

Cambodian government troops Wednesday consolidated their hold on territory captured from Khmer Rouge guerrillas near the Thai border as the rebels' clandestine radio disappeared from the air waves. (Reuters)

Actress Gretchen Mol with her Hogan shoes.

HOGAN
HAND MADE OUTWEAR
REGISTERED TRADE MARK
Genuine and Natural

صكنا من الارض



International Executive Committee of Allianz AG – from the top left to the bottom right: Joe L. Stinnette, Jr. (Fireman's Fund), Michael Diekmann (Allianz Asia Pacific), Alexander Hoyos (Allianz Elementar), Gerd-Uwe Baden (Elvia/Berner), Detlev Bremkamp (Allianz), Reiner Hagemann (Allianz), Helmut Perlet (Allianz), Herbert F. Hansmeyer (Allianz), Gerhard Rupprecht (Allianz), Angelo Marchiò (RAS), Dilethart Brepohl (Allianz), William Raymond Treen (Cornhill), Henning Schulte-Noelle (Allianz), Lowell C. Anderson (Allianz Life), Dominique Bazy (Allianz France)

All companies of Allianz group welcome AGF.



THURSDAY, MAY 14, 1998

EDITORIALS/OPIION

Herald Tribune
INTERNATIONAL
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST**Rude Indian Blasts****Bad for the World**

India's explosive nuclear devices in the Rajasthan desert makes the world a more dangerous place.

By arrogantly challenging international efforts to control the spread of the most lethal weapons, the new Hindu nationalist government of Prime Minister Atal Bihari Vajpayee may win applause at home from those who confuse military might with self-esteem.

But for a paltry and short-lived domestic gain, India now faces a ruinous cutoff in foreign aid, a self-defeating arms race with Pakistan and isolation even from friends.

With an economy that is slowing down, India needs help to ease its crushing poverty and overcome its many ethnic divisions. Yet President Bill Clinton has no choice, legally or morally, but to impose broad economic sanctions, as he said on Tuesday he would do.

Such an action properly is to include a ban on military sales and assistance, foreign aid and bank loans to the government. Federal law also compels the United States to oppose loans and technical assistance from the World Bank and other financial institutions, which supply billions of dollars in credits vital to India's solvency.

Mr. Clinton has sought to improve relations with India and was planning to make the first presidential visit to India in 20 years this fall. But he should now reconsider.

India might still clear the way for a useful visit if it stopped testing and signed the Comprehensive Test Ban Treaty. It could justify such a step by citing China and France, which tested nuclear weapons a few years ago, provoking an international outcry, and then declared that they would sign the treaty. It was India's founding prime minister, Jawaharlal Nehru, who first proposed such a treaty a generation ago, and it is not too late for India to redeem his vision. Pakistan has said

A Perilous Example

India's nuclear weapons tests assault the controlled nuclear universe that the United States has been trying to build for 50 years. In this scheme, a handful of nuclear powers would ensure that others did not join the club, nor lose for not joining. It worked pretty well. Three other states—India, Pakistan, Israel—had moved toward nuclear status but paused short of full and declared membership. This is the arrangement India has now broken by its first testing—this time unambiguously of weapons—since 1974.

The danger is that its defiance of global nonproliferation standards will stir others to follow suit.

An inexperienced Hindu nationalist government with great-power ambitions took office last month. In a setting of tension (of different sorts) with both regional rival Pakistan and strategic rival China, Prime Minister Atal Bihari Vajpayee undertook to review nuclear policy and exercise India's long-available nuclear option if necessary. American officials asked New Delhi for "dialogue and discretion," and were told there was no "rush." These Indian assurances were overtaken even before

—THE WASHINGTON POST.

Aircraft Inspections

The U.S. Federal Aviation Administration displayed good reflexes last week when it was confronted with fuel-pump wiring problems in older Boeing 737s. It ordered inspections of all the oldest aircraft—that is, those with more than 50,000 hours of flight—within seven days when faulty wiring was discovered in a Cootainet Airlines 737. When new cases of damaged wiring appeared, the agency grounded those planes.

The FAA's performance in this emergency underscores the need for a broader program for inspecting all older aircraft. The objective would be to discover or anticipate unseen defects in wiring and other nonstructural systems before a mechanic spots them in an aircraft hangar.

The White House Commission on Aviation Safety and Security recommended such a program last year. An FAA plan reflecting that advice is expected this summer.

The FAA should now give construc-

tural systems like wiring the same care it has given to an aircraft's structural components since 1988, when corrosion that was not visible during routine maintenance caused an Aloha Airlines 737 to lose parts of its cabin roof. That accident led the FAA to create an Airworthiness Assurance Working Group to focus on structural fatigue.

—THE WASHINGTON POST.

Herald Tribune

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92321 Neuilly-sur-Seine, France.
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Internet address: <http://www.iht.com>. E-Mail: iht@iht.com

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Singapore 19900 Tel: +65 272-708 Fax: +65 274-2134
Mng Dir Asia: Terry Damer, 50 Gloucester Rd, Hong Kong, Tel: 852-282-1188 Fax: +852-362-1066
Gen Mgr Germany: T. Schlesier, Friedrichstrasse 13, 10023 Berlin Tel: +49 30 671-0040 Fax: +49 30 671-0040
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India Startles the World and Stands Up to China

By Brahma Chellaney

NEW DELHI — When Defense Minister George Fernandes recently made statements calling China a bigger threat than Pakistan and describing how his country was being "encircled" by Chinese military activities and alliances, he broke an Indian taboo against speaking up on Beijing.

His outspokenness provoked a fierce reaction from China and critics at home. Now, even before the controversy ebbs, India has astounded the world by lifting its quarter-century-old veil of atomic ambiguity and conducting nuclear tests.

India demonstrated its capability to manufacture the most modern nuclear weapons — thermonuclear, boosted-fission and low-yield types. India has gate-crashed the nuclear club, presenting a fait accompli to the world. No sanctions can undo this development.

China has been central to India's nuclear planning ever since China carried out its first atomic test in 1964, barely two years after inflicting a humiliating defeat on India.

Whether or not Mr. Fernandes's forthright remarks on China were designed to build public justification for the subsequent warhead tests, the reaction at home was revealing.

The critics did not dispute his facts: China's continuing nuclear and missile assistance to Pakistan, the establishment of electronic listening posts in Burma to monitor Indian air and naval

activity and missile test firings, and its stockpiling of nuclear weapons in Tibet. Their criticism was that he stated India's concerns in public.

The furor showed that India has yet to recover from the 1962 rout that deeply scarred its national psyche. The Chinese attack from two separate fronts was intended, in the words of Prime Minister Zhou Enlai, "to teach India a lesson."

For more than 35 years, India has been fearful to speak up on China, even as the latter has gone about undermining its security. Instead, Indian bravado has been directed at its smaller neighbor, Pakistan.

India clearly suffers from a battered-victim syndrome. It needs to overcome fear, accept that it was not responsible for inviting the assault, and deter another attack. Three nuclear bangs should go a long way in boosting its confidence in relation to China.

The rapid rise of an increasingly powerful and assertive China poses major challenge. When China was weak and economically backward, it gobbled up Tibet, bringing its forces to India's doorstep before furiously encroaching on Indian territories. A strong and prosperous China will cast an increasingly bigger shadow over India.

India has acquiesced in the forcible Chinese takeover of Tibet, a self-governing land until 1950, but official Chinese maps still show India's Arunachal Pradesh state as Chinese territory and Sikkim as independent.

Indian diplomacy has been ineffective mainly because New Delhi has not sought to build leverage against China.

It has been unwilling to play its Tibet card. Whenever it hosts a high-level Chinese delegation, it breaks off peace-festive Tibetan protests.

turns on its policy of rapprochement, initiated after the 1986-1987 border skirmishes. That policy was designed to increase India's strategic space by buying peace with one of its two principal adversaries. But 10 years later, India finds itself even more confined to the subcontinent than before.

The policy has allowed India to be strategically cornered through stepped up Chinese activity in Pakistan, Burma and Tibet. India's technological advantages over Pakistan have been centralized by covert Chinese exports. Chinese military incursions are occurring at oew points along the disputed Himalayan border.

China has shown little interest in resolving the border problem, because that helps keep India under its strategic thumb. Even the line of control remains ill-defined, with Beijing still not exchanging maps with India showing respective border military positions.

India's acquiescence in the forcible Chinese takeover of Tibet, a self-governing land until 1950, but official Chinese maps still show India's Arunachal Pradesh state as Chinese territory and Sikkim as independent.

The writer, a professor of security studies at the privately funded Center for Policy Research in New Delhi, contributed this comment to the International Herald Tribune.

New Delhi made a grievous mistake in the 1950-1962 period, betraying Tibet and then being betrayed by China. A unilateral desire for reconciliation cannot buy peace.

India's cooing in the past decade has not won it Chinese friendship but has enabled Beijing to engage and contain New Delhi simultaneously, with the engagement serving as a nice facade to accelerated containment.

History shows that enduring peace comes only if a state can defend peace, India's new overt nuclear-weapons status should help exorcise its fear of China and instill assertiveness.

Stable relations between the world's largest democracy and the world's largest autocracy are critical to Asian and global security.

Deep engagement with Beijing will enable India to better read Chinese capabilities and intentions and better advance its interests.

What India needs is a clear-headed China policy underpinned by leverage, gained both from external strategic relationships and domestic military and economic muscle. The only language China understands and respects is one based on oational strength.

The writer, a professor of security studies at the privately funded Center for Policy Research in New Delhi, contributed this comment to the International Herald Tribune.

But We Thought India Was Turning Into a Constructive Partner

By Gerald Segal

LONDON — India becomes the sixth declared nuclear power. Just when we thought we were making progress in denuclearizing the world, India risks taking us back up the ladder of escalation. But the military risks can be exaggerated.

The most long-term damage will be done to the prospects for the fifth of mankind that lives in India to play a full part in the prosperity of the global economy.

Having one more nuclear weapons power is not a fundamental challenge to global security. And India does have real security concerns about a nuclear-armed China, and a fair complaint that the declared nuclear powers have not moved fast enough to reduce their own arsenals.

India's actions are less understandable in the light of the

clear trend in recent years toward cutting nuclear arsenals.

Both India and Pakistan seemed to have settled for a "screwdriver" nuclear capacity — both sides merely ooe turn of a screwdriver away from having a nuclear weapon.

Now the domestic pressure will be on Pakistani leaders to formally become the world's seventh declared nuclear power, which would mean increased risks of a costly and dangerous arms race.

There will be also an increase in diplomatic tension as the United States and other powers talk about sanctions and gripe about each other's behavior as suppliers of dangerous technologies to South Asian nuclear powers.

The risks of actual nuclear war should not be overdrawn.

But those of us who have argued for years that the West should take India more seriously as a constructive player in international affairs will now have to reconsider. What we see is a nationalist government that makes South Asia a more risky place.

To the extent that there was support in the West for taking India more seriously, it was based on the notion that India was a country that was finally appreciating the virtues of interdependence and would be a more constructive player in the global economy.

A nationalist and risky India projects the opposite image. Foreign investors will see India as a less safe bet — a sad outcome, especially given that Pacific Asia's economic crises might now be over.

Those Americans who argued for an incentive strategy in high-tech transfer as a way of keeping India from becoming a declared nuclear power will now retreat.

In short, India has confirmed the worst images of ourselves as a country out of touch with the new principles of a post-Cold War world.

The greatest sadness will be felt by friends who had come to believe that India could become a major player in the global economy — a power on a par with China but far more amenable to Western interests.

President Bill Clinton, who will surely now cancel his planned trip to India scheduled for the autumn, will be reminded during his Beijing summit in June that at least China has stopped its nuclear tests.

India and the world are less secure and poorer.

The writer, director of studies at the International Institute for Strategic Studies, contributed this comment to the International Herald Tribune.

Stop Bickering and Get On With This Korean Salvage

By Aidan Foster-Carter

LEDGE, England — Just occasionally, North Korea does us all a favor. Such was the case on May 8, when a Foreign Ministry spokesman warned that Pyongyang might resume the nuclear activity which almost unleashed a second Korean War in early summer 1994.

The threat was timed to coincide with one of the regular meetings between North Korea and the Korean Peninsula Energy Development Organization (KEDO). It draws attention to the worrying fact that one of the great triumphs of recent U.S. foreign policy is being irresponsibly jeopardized — by petty and all too public bickering, both in Washington and between the United States and its South Korean and Japanese allies, over the terms of the deal.

This was not how Washington usually tackles rogue states. Yet KEDO has turned out a huge success — not just in averting war and defusing the crisis, but in transforming the nuclear issue from Korea's worst risk to its best hope.

Thus every smooth tankers load some 40,000 tons of oil in South Korean refineries, which they then deliver to the North.

More remarkable still, for a year now more than 100 South Korean engineers have been living at the reactor site at Kumho on North Korea's east coast, working with northern colleagues who are astonished by their salary levels and sophisticated tools.

Any crisis, such as a weapons picture of Kim Jong Il found lining a trash bin, have been swiftly dealt with — as have all the myriad practicalities of cooperation that a major project of this kind would entail in any country. In this field, if nowhere else, Pyongyang has proved itself a businesslike negotiating partner.

Hard to believe, then, that a venture as valuable as this may be at risk for want of a mere \$47 million. Compare that to the \$7 billion package that the United States pressed the IMF to put together to stem South Korea's financial panic last year.

Yet KEDO is broke, or at least has a liquidity crisis. Recent oil shipments have been financed by borrowing, because the U.S. Congress refuses to approve funding, and some deliveries have been late. This is what prompted Pyongyang's outburst last week.

Secretary of State Madeleine Albright, on a recent lightning trip to East Asia, pressed Japan and South Korea to provide some of this cash. Both refused, citing not only current financial woes but a larger bone of contention over KEDO.

In this context, \$5.2 billion is a cheap investment in peace and stability. When Kim Dae Jung visits Washington next month, it is to be hoped that KEDO's burden-sharing will be sorted out once and for all.

The writer is honorary senior research fellow on modern Korea at Leeds University. He contributed this comment to the International Herald Tribune.

Slippery Green Slope to Nativism

By Virginia Postrel

LOS ANGELES — When Sierra Club members recently voted down a resolution calling for greatly restricting legal immigration into America, the club's leadership was elated. President Adam Werbach had threatened to resign if the measure passed.

However, the resolution sprang not from right-wing outsiders but from the intellectual core of the environmental movement. Its backers included longtime environmental leaders such as Paul Ehrlich, Worldwatch Institute head Lester Brown, Earth Day founder Gaylord Nelson and EarthFirst! founder Dave Foreman.

The leading anti-immigrant group, the Federation for American Immigration Reform, has its roots not on the nativist right but on the green left, among population-control advocates. And the Carrying Capacity Network, dominated by environmental intellectuals, strongly opposes immigration.

The resolution's supporters may have been reactionaries, but they were not simple nativists. They were "stasisites": people whose ideological goal is a static, unchanging society.

According to this strain of environmental thought, the ideal society should resemble an ecosystem whose flora and fauna remain constant.

The eminent environmental historian Donald Worster thus yearns for "a stable, enduring

condemn immigration, but he has no trouble denouncing trade: "We should demand that the Safeway in Idaho carry only native potatoes. And we should draw the line when department stores bottom out prices, muscle out local businesses and eradicate local culture."

To its opponents, immigration is just another way to "eradicate local culture" and "bottom out prices," in this case for labor.

If we should buy only native potatoes, how much more should we employ native workers, regardless of where immigrants offer?

All of Mr. Werbach's arguments for "radical localization" can be turned to serve immigrant-bashers, because those arguments are, at bottom, opposed to the unpredictable dynamism of choice, competition and mobility. They prefer stability to freedom.

A cultural-pol

OPINION/LETTERS

The Proliferation Age, Complete With Fudge

By Michael Kelly

WASHINGTON — The end of the American Century is a hungry time, filled with small nations aching with desire to be larger than they are. From Beijing to Moscow to Baghdad to Tehran to Islamabad to New Delhi, ambitious souls dream tin-pot dreams of a new world order that is not the American Century II. And the ambitious do more than dream. They build and they buy.

For a commendably long time, the United States more or less kept the wraps on the weapons of mass destruction that it invented to win the great fight between democracy and totalitarianism. Five nations — the United States, Russia, China, Britain and France — declaredly possessed the bomb, and three others — India, Pakistan and Israel — possessed it but did not formally admit so.

They did not because the United States applied immense pressure to anyone exhibiting nuclear ambition. But when the great fight ended, that pressure began to ease. Now, the wraps are nearly completely off. The historians who chronicle the next century's wars will look back on the Clinton era as the age of proliferation, when the power to deliver mass death was allowed to spread from the few to the many.

A case can be made that there is not much that could have stopped this. The territorial and even imperial ambitions that the Cold War froze were bound to thaw, and as they thawed, they were bound to expand. But if something could have been done, this administration certainly did not do it.

For years, it has looked the other way from increasingly blatant violations of proliferation restrictions by China, Russia, and various European companies. It has done so, as the president recently hinted in unusually candid remarks, because it does not wish to admit truths that would trigger anti-proliferation sanctions that might get in the way of trade.

Just because the United States chooses to look the other way does not mean that

Washington Post Writers Group.

Everyone else is blind. While the administration was busy assuring itself and Congress that the new, good-neighbors People's Republic of China was nothing to worry about, India noticed that China had deployed nuclear missiles in Tibet. It noticed that China had improved its missile capacities, thanks to Clinton administration assistance. And it noticed that China had never renounced its claim to a swath of eastern India.

On May 3, India's defense minister, George Fernandes, appeared on television. Recalling India's brief and humiliating 1962 border war with China, he said that India had made the mistake of failing to recognize China's territorial intentions and that it was going to make the mistake again.

Of India's long-standing low-profile nuclear policy, he said,

"We believe we need to make a review of the defense policy."

The review did not take long.

On Monday, India, which had not exploded a nuclear weapon since May 1974, detonated three devices under the desert ground about 110 kilometers from the Pakistan border.

The White House said that

it was surprised, which is doubtless true.

Pakistan, which fears India as India fears China, said it was deeply concerned. But ooo to worry,

Pakistan has its nuclear program too, a program that has received lots of assistance in recent years from China, assistance that the White House did not notice — officially.

Now the president is suddenly "deeply disturbed,"

and he says he will punish

India by enforcing the sanctions called for under the Nuclear Proliferation Prevention Act of 1994, which mandates that the United States stop aid and credit to a nation that behaves as India has.

Only a few weeks ago he was

grumbling about how sanctions

laws force him to "fudge" reality

and issue waivers. But there

will be no fudging and waiving this time. Of course that

may be because this particular

law does not allow waivers.

Washington Post Writers Group.

ERUSALEM — The termination of the British mandate in Palestine was set for midnight, May 14, 1948. A few hours before this epoch-making event, David Ben Gurion proclaimed the independence of the state of Israel. A few hours later, the secretary-general of the Arab League informed the secretary-general of the United Nations that the Arab states had decided to take up arms against the state of Israel as of May 15.

The ceremony of the Proclamation of Independence was brief, austere and solemn. When we left the assembly hall, the Tel Aviv museum, Moshe Sharett, Israel's foreign minister designate, curtly instructed me to present myself at 8:00 P.M. sharp at the "Foreign Ministry."

A preparatory committee had allocated two rooms to our ministry in an old building by the seashore. It was known as the "red house," not for the ideology inside but for its pinkish exterior paint. The fact that it housed a branch of the Haganah's high command was not a matter of common knowledge.

Mr. Sharett went to work without preliminaries. His staff consisted of two aides: Eiga Shapira, the secretary, and myself. I was entrusted with a dazzling variety of assignments. One of them was to answer the telephone with the inevitable "Shalom," and the less credible "Mirad ha-Chutz" — "The Foreign Ministry."

The invariable reply was, "We don't want to speak to what's your name, please hurry and transfer us to Moshe Sharett." People felt they had to make up for a lot of time lost during the past two millennia.

A more erudite occupation to

which I was assigned was to make up a list of the capitals of the world to be officially informed of the establishment of the state of Israel. My reference library consisted of a respectable atlas and an old edition of The Statesman's Year Book. Mr. Sharett, sitting in his corner, was immersed in composing the telegrams. The only interruption he allowed himself was to down, at fixed intervals, cups of piping hot tea.

From the very hour of its creation, Israel had to fend for its place among the nations. It emerged in awe but in solitude. It seemed that Mr. Sharett was absorbed in these thoughts as he

MEANWHILE

labored on his telegrams. He produced a beautifully written but rather lengthy manifesto. When we transcribed it we pointed out, somewhat irreverently, that the number of words in the telegram equaled the length of the Jewish exile from the Promised Land.

Meanwhile I had prepared the list of the recipients of the telegrams. I excluded the Arab states, more for technical than ideological reasons. We felt no harm could be done by advising them officially of the establishment of Israel and the peaceful intentions of its government, but all the Arab capitals had severed their lines of communication with the new state.

At 2 A.M. we had completed our work, and were resting with a happy feeling of "mission accomplished."

But soon we were jolted out of our complacency. We had sent a driver

with the sizable bundle of telegrams to the Tel Aviv Central Post Office. He returned them — undelivered. The postal clerk had refused to accept the cables without cash payment.

The thought of such petty mercantilism at Israel's finest hour had never occurred to us. Even if it had, we were not in a position to do anything about it. We did not even possess our own stationary. Our only equipment was a typewriter and a tea kettle.

I telephoned the man who was holding up the happy news of Israel's birth and tried to impress upon him that destiny had chosen him to play a historic role. My wooing was no avail. He worked to rule, and the rule book was still that of the British administration. Of course, he knew that the state of Israel had been proclaimed, but he was less certain about the existence of an insouciant that called itself the Foreign Ministry.

I asked him to suggest a way out of the impasse. He pondered while the time ticked away. Then, suddenly, he saw the light. He had read in the papers that there was a man by the name of Seev Sharef who had been entrusted with the establishment of the new governmental administration. If I could provide him with an authorization from this man, he would send the telegrams and charge us later.

"For heaven's sake, where can I find Sharef at three o'clock in the morning?" I asked him, exasperated.

"That's your problem," he replied.

Mr. Sharef, who had listed me

intimately to this first diplomatic exchange, knew where Mr. Sharef could be found in Tel Aviv. I went

there, woke him up and explained our predicament. He wrote the re-

questing note, hardly concealing his pride in the nocturnal recognition of his authority. In no time at all the wires were bumbling with the proclamation of Israel's birth.

At dawn, Israel received its first

signal of foreign recognition. The Egyptian Air Force bombed Tel

Aviv's airfield and power station.

An exhilarating message arrived from Washington. President Harry Truman announced the de facto recognition of the state of Israel and its government. The Soviet Union was slow to respond. Dispensing with jurisdictional subtleties, it granted full diplomatic recognition. A spate of similar messages arrived from capitals all over the world.

Soon it was decided that I would assist Abba Eban, Israel's first representative and spokesman at the United Nations. I spent my last day in Tel Aviv, May 18, in a series of meetings. The chief of military op-

erations, General Yigal Yadin, gave a situation report. The Arab armies were closing in from the south, east and north. The situation of besieged Jerusalem, pounded by Jordanian artillery, was grave. The army stores were at their lowest, but the fighting spirit was incredibly high. General Yadin concluded that if military supplies arrived in time and in sufficient quantities, the defense forces could repel the combined Arab attack.

Colonel Mickey Marcus, an American Jewish volunteer with wide combat and staff experience, added that he believed the Arab war machine would soon run out of steam. Colonel Marcus sent me off in good spirit: "If your fellows will pass on the ammunition and hold the front of New York, we shall win."

Not everybody shared his optimism. But nobody thought that half a century later the Arab-Israel conflict would still await its comprehensive resolution.

International Herald Tribune

LETTERS TO THE EDITOR

Who Will Punish India?

In response to "Dismayed, U.S. Studies Sanctions," (May 12):

By conducting nuclear test explosions, India has defied the international community, the overwhelming majority of which supports the Comprehensive Nuclear Test Ban Treaty. The response to this regrettable challenge must be international.

In 1992, the president of the UN Security Council stated, on behalf

of its members, that proliferation of weapons of mass destruction would constitute a threat to international peace and security, and that appropriate action would be taken. It remains to be seen whether the United Nations will live up to this commitment to uphold the international nonproliferation regime and apply the coercive measures provided for in the UN Charter.

JOZEF GOLDBLAT,
Geneva

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INTERNATIONAL

American Spy Watchdogs Slept Through India's Test Preparations

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — A U.S. spy satellite clearly depicted activity last week at India's remote desert nuclear test site, but U.S. intelligence officials scrutinizing the images failed to discern that India was preparing to conduct the three nuclear blasts it set off Monday, according to several sources.

Even when "clear-cut" evidence of the nuclear test preparations was recorded by a satellite at midnight in Washington on Sunday, six hours before the tests, no CIA warning was issued because the U.S. analysts responsible for tracking the Indian nuclear program had not expected the tests and were not on alert, several officials said.

They were, according to a senior official, asleep at their homes and did not see the pictures until they arrived at work in the morning. As a result, President Bill Clinton and other White House officials did not learn of the preparations until after the blasts had occurred, when news services carried accounts of a public acknowledgment by the Indian prime minister, Atal Bihari Vajpayee.

When the White House subsequently asked the

CIA for details, the agency's top officials had none to offer, several sources said.

The intelligence community's failure to predict the three nuclear blasts has ignited fierce criticism from U.S. policymakers and prompted two congressional oversight committees and the CIA to launch inquiries on Tuesday into the agency's conduct during the preceding weeks and months.

Key U.S. policymakers said they did not know whether the new Indian government — which had repeatedly broadcast its desire to "induct" nuclear weapons into the country's arsenal — would have called off the tests in response to any U.S. appeals. But they were outraged over the fact that the missed signals had deprived the Clinton administration of an opportunity to attempt such an intervention.

Senator Richard Shelby, Republican of Alabama, who is chairman of the Intelligence Committee, condemned the intelligence community's conduct in unusually strong terms, calling the episode "a colossal failure" that betrayed a "dreadfully inadequate job" of detecting what India's intentions were. "We cannot and simply must not tolerate such failure on the part of the intelligence community," he said.

Mr. Shelby and Representative Porter Goss, Republican of Florida, a former CIA officer who is chairman of the Permanent Select Committee on Intelligence, each promised oversight hearings in coming weeks to try to determine the cause of the mistake.

Mr. Goss avoided any direct criticism and said instead that his June 1 hearing would try to discover "whether key intelligence capabilities have eroded and what is needed to reverse the trend."

The CIA director, George Tenet, announced that he had appointed a team to examine the episode and "determine what lessons can be learned," according to a CIA statement. The team is to be headed by Vice Admiral David Jeremiah, retired, a former vice chairman of the Joint Chiefs of Staff, and report its findings within 10 days.

Among the issues to be examined, sources said, are whether the CIA's regional political and military analysts overlooked clues to India's true intentions, whether the National Security Agency missed any telltale information collected through its worldwide electronic eavesdropping, and how, spy satellite operators and photo analysts failed to catch such activities as the burial of nuclear devices and the attachment of cables to

transmit scientific data. "This was a mistake from the top to the bottom, from the policy community to intelligence community," said a senior policymaker. "It was a failure not only of tactical but strategic intelligence," because government analysts not only missed the actual test site preparations but failed to predict even that such a move was likely.

Several officials credited India's new government, which was elected less than two months ago, with a shrewd campaign of disinformation designed to put Washington off the scene of a nuclear test. "The Indians lured us into thinking that they were not going to undertake any precipitous action in the nuclear area without a careful review of their options," an official said. "The context of the intelligence community's error was complacency."

John Holm, acting undersecretary of state for arms control and international security affairs, said that India had promised restraint in the nuclear area until it completed its strategic review late this year.

A U.S. official said that India had "undoubtedly kept this decision to a really small circle" and that top American officials had had

discussions with people in India "who had to know" about the testing plans but who did not say anything.

The Indians were apparently trying to avoid repeating their experience of December 1995, when Washington sighted preparations for a blast at the Pokharan test site and forcefully expressed its alarm. Those protests led the prime minister at the time, P. V. Narasimha Rao, to halt the preparations and cancel the test.

"They knew from the 1995 experience that we were watching them very closely," and this time kept their activities at the site to a minimum while U.S. satellites passed overhead, the official said. "No one saw anything out of the ordinary," said another official, even when last week's satellite images depicted activity at the "well-heads" atop deep holes where the explosive devices were eventually detonated.

Pakistan's test of a medium-range ballistic missile a month earlier had led CIA analysts to suspect that India would orchestrate a demonstration of its own military prowess. But the analysts bet, wrongly, that India was more likely to respond in kind with a missile launching instead of a nuclear blast.

SANCTIONS : Clinton Gives Order

Continued from Page 1

accused the administration of favoring China over India, the world's largest democracy with 970 million people.

"I'm curious about this one-sided imbalance, this anti-Indian bias and this willingness to forgive the Chinese anything," he said. Mr. Gingrich called Mr. Clinton's announcement of sanctions "a great overreaction."

Legislators were also critical of the failure of U.S. intelligence agencies to bring Indian test preparations to the White House's attention in time to launch a diplomatic protest.

Mr. Clinton tempered a strong denunciation of the underground tests with a call for India, as "a very great country," to show restraint. "This demands an unambiguous response from the U.S.," he said in a news conference with Mr. Kohl in Potsdam. "It is unjustified and clearly creates dangerous instability in the region."

The United States will cut off \$142 million in foreign aid to India this year, ban U.S. bank loans to the Indian government and restrict exports of equipment with possible military uses. It will also instruct its delegation to vote against India in the World Bank, where it is the largest borrower, and the International Monetary Fund. Humanitarian aid is unaffected.

A World Bank official said Wednesday that a meeting of donors prepared to promise aid to India had been canceled after Japan declined to host the gathering because of the tests. She said there were no plans to fund another site for the two-day meeting, which had been due to start June 30.

Mr. Clinton also said he agreed with many Indians that their country had been "underappreciated," but that he hoped they would realize that it was "a terrible mistake" to use nuclear testing as a way to earn respect.

"To think that you have to manifest your greatness by behavior that recalls the very worst events of the 20th century on the edge of the 21st century, when everybody else is trying to leave the nuclear age behind, is just wrong," he said.

The ordering of sanctions places the Clinton administration in a difficult position with its allies and critics in Congress.

Penalties against such countries as Iraq, Iran and Cuba — and in some cases against foreign companies that traded with those nations — have angered some of America's closest allies.

Mr. Clinton's spokesman acknowledged the U.S. isolation on sanctions in comments early Monday. "Most of those other industrialized nations," said the spokesman, Michael McCurry, "don't believe in using economic power as a lever in diplomacy the way we do."

Russia said Wednesday that it was alarmed by the latest development, but did not back away from its earlier opposition to sanctions.

France, which faced similar outrage over the nuclear tests it conducted in the South Pacific in 1995 and 1996, criticized India but said that it opposed U.S. sanctions and would not impose its own.

In London, the Foreign Office summoned the Indian ambassador to complain about the tests. But a spokesman for Prime Minister Tony Blair said Britain would take no immediate punitive steps against its former colony.

"The government's position is that it is not going to impose sanctions," the spokesman said.

Canada recalled its ambassador in India for consultations, a move announced shortly before the new tests were publicized. Australia and New Zealand did the same earlier.

The Clinton administration itself has indicated its dissatisfaction with the use of sanctions, viewing them as a blunt weapon that can distort policy and needlessly antagonize allies and is undertaking a study of their use.

The U.S. sanction with the greatest potential to harm India is the order to the U.S. delegate to oppose any aid or loans to New Delhi by the World Bank. The United States is the largest donor to the organization, which issues low-interest loans to developing countries, but it cannot block lending to India without support from other major shareholder nations.

One of those countries, Japan, is among the few to order sanctions against India, and might join the United States in a bid to halt international lending.

Immediately following announcement of the latest tests, Japan recalled its envoy to New Delhi for the second time in the week and said it might toughen sanctions announced just an hour earlier.

Japan had said it would suspend about \$2.5 million in grant aid. After the latest tests, it said the sanctions could be expanded to include \$1 billion in loans pledged for the current fiscal year.



Activists of the Jamaat-i-Islami, a rightist religious party, burning an Indian flag on Wednesday during a protest against this week's nuclear testing by India. The party wants Pakistan to conduct nuclear tests, too.

PAKISTAN: Islamabad Demands a Crackdown on New Delhi

Continued from Page 1

genomic impulses reflected so often in Indian behavior and ignored by the international community, despite Pakistan's repeated efforts to draw attention to them."

The invoking of mandatory sanctions under U.S. laws against India hardly constitutes an effective response," he said. "Indian actions, which pose an immediate and grave threat to Pakistan's security, will not go unanswered."

Just how Pakistan will answer is now the topic of debate in Islamabad and many capitals. The United States and other countries are doing all they can to persuade Pakistan not to reply in kind. Pakistan's cabinet scheduled a meeting for Thursday to consider its options.

Like India, Pakistan has for years possessed the technology necessary to build nuclear weapons. Until the Indian detonations this week, however, it had not

felt obliged to build and test them. Pakistan's senior nuclear scientist, Quadeer Khan, said after the first detonations Monday that he could build a bomb within days of being given the order to do so.

Public and political pressure on the Pakistani government to detonate its own nuclear devices has become intense.

A newspaper columnist wrote Wednesday that only such detonations could prevent "the annihilation of the Muslims on the Indian Subcontinent, which is considered a necessary precursor to the rise and renaissance of a pristine Hindu India."

The president of the Karachi Chamber of Commerce demanded that the government "immediately respond to the Indian nuclear challenge."

President Bill Clinton signed documents Wednesday imposing sanctions on India as punishment for its tests, saying they "demand an unambiguous re-

sponse." Japan, Sweden, Denmark and Germany also announced they would freeze all or part of their aid to India.

Pakistani leaders, however, do not consider these steps sufficient. They have not said precisely what steps they would like to see, but midlevel officials suggested Wednesday that the United States should release fighter jets that it has refused to send Pakistan for several years, that it should send senior administration figures here as a sign of solidarity, and that Mr. Clinton should consider dropping India from the itinerary of his proposed trip to the region next fall.

"These tests present the single most important threat to emerge in the region since the end of the Cold War," Information Minister Mushahid Sharif said. "We are looking at the international response and weighing our course of action. The main issue now is not what Pakistan will do, but what the international community will do."

"If Iraq was declared a pariah state for building weapons of mass destruction, we feel the same standards should be applied to India, which in our view doesn't face any real threat to its security from any outside power," Mr. Hussain said. "Otherwise there will be a feeling that Pakistan is the victim of a double standard and that India can get away with anything. It is a litmus test for the world. India has to be given that message which really hasn't been brought home, which is that there is a price tag to its irresponsible behavior."

Many Pakistanis feel that their country has been victimized by discrimination from foreign powers including the United States, which has several times punished it for alleged aggressive acts and human rights violations by imposing arms embargoes and other sanctions.

A decision by Pakistan to join India in the nuclear club by detonating explosions would certainly bring international condemnation. It would also, however, assure Prime Minister Nawaz Sharif of both an enormous surge in popularity and a guaranteed place in Pakistani history. Military commanders are reportedly among those pressing for such a decision.

The pressure on Mr. Sharif was evident during Wednesday evening's Senate session, at which senators from all parties rose to condemn India and berate the world community for what they described as its cowardly reluctance to impose real sanctions on India's new Hindu nationalist government.

The Price for India

India's recent nuclear tests have prompted the U.S. to impose sanctions under the 1994 Nuclear Proliferation Prevention Act. The financial penalties would affect the following:

WORLD BANK LOANS

There are 84 projects in India worth \$14.5 billion financed by loans from the World Bank. Commitments in the 1997 fiscal year total \$1.5 billion. The United States would oppose all loans.

IMF LOANS

The United States would oppose all loans from the International Monetary Fund.

EXPORTS TO INDIA

1997 exports to India were \$3.6 billion. Sanctions would affect products with military uses.

BANK LOANS

American bank loans to the Indian government are barred.

Sources: World Bank; India Embassy; AFP; NYT



The violence sent both the rupiah and the local stock market down by more than 6 percent.

The trouble first erupted among non-students in west Jakarta, who gathered outside Trisakti University, after 10,000 people coagulated inside to mourn the dead.

One man died from a head wound, a morgue official said. A witness said he was beaten over the head by security forces.

Officials from the Trisakti medical center said nine people had been injured, one of them with a gunshot wound.

The Indonesian armed forces set up a team to investigate the shootings, the official Antara news agency said.

"If the evidence shows that security officers violated the proper procedure and existing laws, they will definitely be prosecuted accordingly," a spokesman for the armed forces said.

The U.S. defense secretary, William Cohen, has issued orders requiring approval for any U.S. military activities with Indonesia until further notice. Because of unrest there, the Pentagon said Wednesday, after the shooting of the six students.

More than 75 blocks of shops with upstairs apartments along the Duan Mogot avenue behind the luxury Ciputra mall near Trisakti University were either badly damaged or burned and looted.

Crowds also burned cars and destroyed street lights as they moved east towards the mainly Chinese Roxy business district, an employee at Central Asia Bank said. Blocked by truckloads of soldiers, they move northwest to the Tubagus Angke commercial and residential area, also mainly populated by ethnic Chinese. The owner of a herbal medicine shop said most of the shops had been looted, many of them selling staple goods. Her family took refuge on the roof to escape smoke from burning premises.

our democratic system as also their patriotism has enabled India to counter the activities of the terrorists and militants aided and abetted from abroad.

The series of tests are limited in number and pose no danger to any country which has no imminent intentions towards India. We value our friendship and cooperation with your country and you personally. We hope that you will show understanding of our concern for India's security.

I assure you that India will continue to work with your country in a multilateral or bilateral framework to promote the cause of nuclear disarmament. Our commitment to participate in non-discriminatory and verifiable global disarmament measures is amply demonstrated by our adherence to the two conventions on Biological and Chemical Weapons.

In particular we are ready to participate in the negotiations to be held in Geneva in the Conference on Disarmament for the conclusion of a fissile material cut-off treaty.

I enclose for your information the text of the press statement issued after the nuclear tests were carried out today. I close with the expression of my highest consideration for your country and yourself.

Yours sincerely,
A. B. Vajpayee

An Explanation for Clinton

New York Times Service
Following is the text of a letter sent Monday to President Bill Clinton from Prime Minister Atal Bihari Vajpayee of India:

Dear Mr. President,

You would already be aware of the underground nuclear tests carried out in India. In this letter, I would like to explain the rationale for the tests.

I have been deeply concerned at the deteriorating security environment, specially the nuclear environment, faced by India for some years past. We have an overt nuclear weapon state on our borders, a state which committed armed aggression against India in 1962.

Although our relations with that country have improved in the last decade or so, an atmosphere of distrust persists mainly due to the unresolved border problem. To add to the distrust that country has materially helped another neighbor of ours to become a covert nuclear weapons state. At the hands of this bitter neighbor we have suffered three aggressions in the last 50 years. And for the last ten years we have been the victim of unrelenting terrorism and militancy sponsored by it in several parts of our country, especially Punjab and Jammu & Kashmir. Fortunately, the faith of the people in

A local hospital said three members of one family were treated for broken bones and burns after they jumped from their burning residence. Five others were treated for gunshot wounds, a nurse said.

Unrest also flared near the Atma Jaya Catholic University in central Jakarta after thousands of students held a free-speech forum there.

Security forces wielding riot sticks, using tear gas and firing warning shots waited in to disperse a crowd of non-students who set a car on fire. "We as a nation are in mourning," Amien Rais, an opposition figure and leader of a prominent Islamic movement, said at the memorial for the students at Trisakti, hailing them as "heroes."

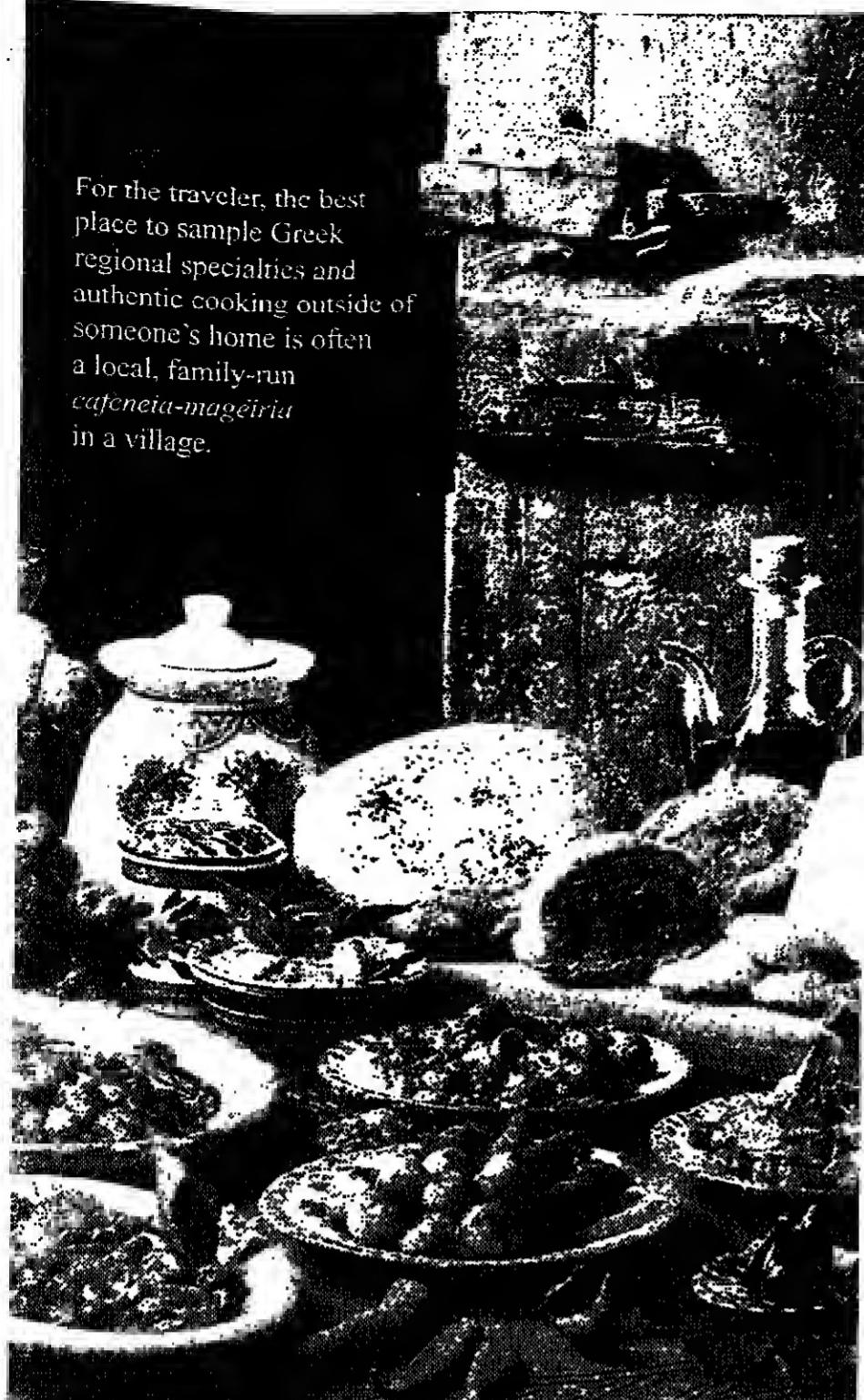
There were scenes of high emotion later at two Jakarta cemeteries where three of the six students were buried. A fourth was interred in his hometown of Bandung. (AFP, Reuters, AP)

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DESTINATION GREECE DOORWAY TO CUISINE

For the traveler, the best place to sample Greek regional specialties and authentic cooking outside of someone's home is often a local, family-run *caféneia-mageiria* in a village.



"DESTINATION GREECE: DOORWAY TO CUISINE" was produced in its entirety by the Advertising Department of the International Herald Tribune.
WRITER: Diane Kochilas in Athens.
PROGRAM DIRECTOR: Bill Mulder.

A MOUTHWATERING GUIDE TO GREEK GASTRONOMY

A sampling of Greece's regional specialties reveals that its cuisine is one of the best ways to get to know the country.

The culinary map of Greece is unique because its boundaries are often obscured. With the exception of Crete, Ionia and Macedonia, there are no distinct regional food-boundaries, as there are, say, in France or Italy. But there is a host of dishes and products such as cheeses, charcuterie, fruits and vegetables, and even pasta, that are indelibly tied to specific places.

Macedonian piquancy
The food in the north of Greece is a fascinating multiethnic melange. Here, Balkan, Slav, Jewish and Anatolian flavors converge, woven colorfully into the rich tapestry of Macedonian cuisine.

The food tends to be spicier up north than it is elsewhere in Greece, and the local palate is honed on the bite of hot red peppers, pickled vegetables, vinegar, yogurt, leeks, walnuts, sweet and tart prunes, and more that make up the culinary alphabet of northern Greek cooking. Unusual combinations — quince cooked with meats, pork simmered with pickled cabbage, cumin-infused meatballs — are among the local fare worth seeking out.

Thessaloniki is Mecca for *meze*, the small and varied dishes meant to accompany ouzo, *tsipouro* (grape distillations) and delicious local wine. One of the great joys to be experienced in Greece's second city is partaking in the *meze* ritual. The best places are to be found in and around the city's market, where local politicians, intellectuals, artists and businesspeople

congregate for lunch and dinner. Try the mussels *saganaki*, rice-stuffed mussels, grilled sardines or roasted red Florina peppers.

Thessaloniki is also known as Greece's sweet source for the wealth of pastry and sweet shops all over the city. Specialties include the famed *trigona Panoromatos*, luscious custard-filled phyllo triangles; and warm *bougatsa*, another buttery phyllo treat, filled either with custard, cheese or greens.

The former is the breakfast of choice for those with a penchant for a morning jaunt to one of the city's dozens of outdoor cafés. Other sweets include a wealth of traditional honey-and-syrup-soaked desserts, known as *syntipata*; *kazantipi*, a creamy, pudding-like dessert; and *ektek kataifi*, a nut-filled shredded-wheat pastry topped either with ice cream or rich buffalo-milk clotted cream.

The rugged mountainous terrain in the northwest is more often than not off the tourist track. This region offers travelers some of the most pristine terrain in all of Greece. The food up here is simple, and the region is famous for its homemade phyllo and vast wealth of savory pies.

There are dozens, if not hundreds, of pies, including savory and sweet cheese pies, milk pies, green pies, leek pies, meat and rice pies, and even pies filled with lentils. In local tavernas, one is apt to find a smattering of *pites*, as pies are known in Greece. Game, especially lo-

cal deer, wild goat and fowl, is another local specialty.

For the culinary traveler bent on an edible souvenir, the things to look for in the area are excellent sage honey (found in villages only), great feta cheese, a tart local cheese called *xinotiri*, and soft white sheep's or goat's milk cheese.

Moving down the Pindus Mountains from Epirus and into Thessaly, one arrives in the great wheat belt of Greece, where grains and meats dominate the menu. The former in the form of breads and pies and many varieties of *halvah*; the latter in the form of large roasts and organ meats.

In Mount Pelion in the summer, a major attraction (in addition to excellent *tsipouro* at the local tavernas) is the variety of local fruits. In Zagora, one of the main villages, the local women's cooperative produces an excellent array of spoon sweets, preserves and other local specialties.

In Volos, the thing to do is head toward one of the city's dozens of *ouzeries*, eateries that specialize in ouzo or *tsipouro* and often serve dozens of small mezze dishes to accompany them.

In the southern "hand" of Greece, regional flavors become slightly more difficult to pinpoint. The Peloponnese is the place where *avgolemono* — Greece's tangy egg-and-lemon sauce — reigns supreme in all manner of dishes, from artichokes to meat. Tomatoes are another defining element in the cooking here, as the region is Greece's main producer of

them. In summer, lucky travelers might stumble across small tomatoes laid out to dry on planks in the sun, an old village preparation.

The Peloponnese, though,

is known less for its cuisine

than for its farms

and village

preparation.

The three most famous dishes from Ionia are from Corfu: *bourdetto*, a peppery fish stew; *pastitsatha*, a veal and pasta dish; and *sofrito*, a pungent veal dish with vinegar, garlic and parsley.

Visitors to Corfu in the early fall might stumble across another local specialty, the *sikamata*, found at the farmers' markets. This is a kind of dried fig paste flavored with ouzo and pepper, shaped into disks and wrapped in chestnut leaves.

Ionia is also home to some

of the best charcuterie in Greece. First among them is Corfu's *Nounoudo*. This is a smoked pork fillet soaked in wine and pepper, traditionally prepared in winter and ready to eat at Easter.

Another Ionian specialty is the air-dried salami from Lefkada, which, on the island, is eaten as a meze or as an accompaniment to bean soups and stews. In Zakynthos, we find two delicious cured meats, *hiroueri* and *pancetta*. The former is a cured pork loin seasoned with garlic, pepper, and cloves, steeped in brine for three months, then rinsed in the sea and left to dry in the sun. It is usually eaten as a special treat on Easter. *Pancetta*, on the other hand, is a kind of cured, smoked sparerib.

The landscape throughout

most of the Cyclades is

sparse, and in many ways so

is the cuisine, but there are a host of delicacies, including cheeses, legumes, capers, some unusual cured meats and delicious pastries that come from these majestic islands. •

GREECE: VOTED BEST FOOD *in the* World



By
thousands
of olive trees!



Greece has always been the favorite destination for those who seek authenticity. That's because, for centuries here in Greece, the cuisine, culture, wine and warm hospitality have all remained pure and genuine. On these holidays, you can relish the rich flavors of Greece, breathe the heady perfume of the olives, savor the saltiness of the feta, indulge in the sweet succulence of the fruits and discover the authentic in you. Phone your travel agent and reap the fruits of the olive tree.



GREECE: The Authentic Choice

TribTech

24 Military Satellites Can Tell You Where You Are — For \$249

By Katie Hafner
New York Times Service

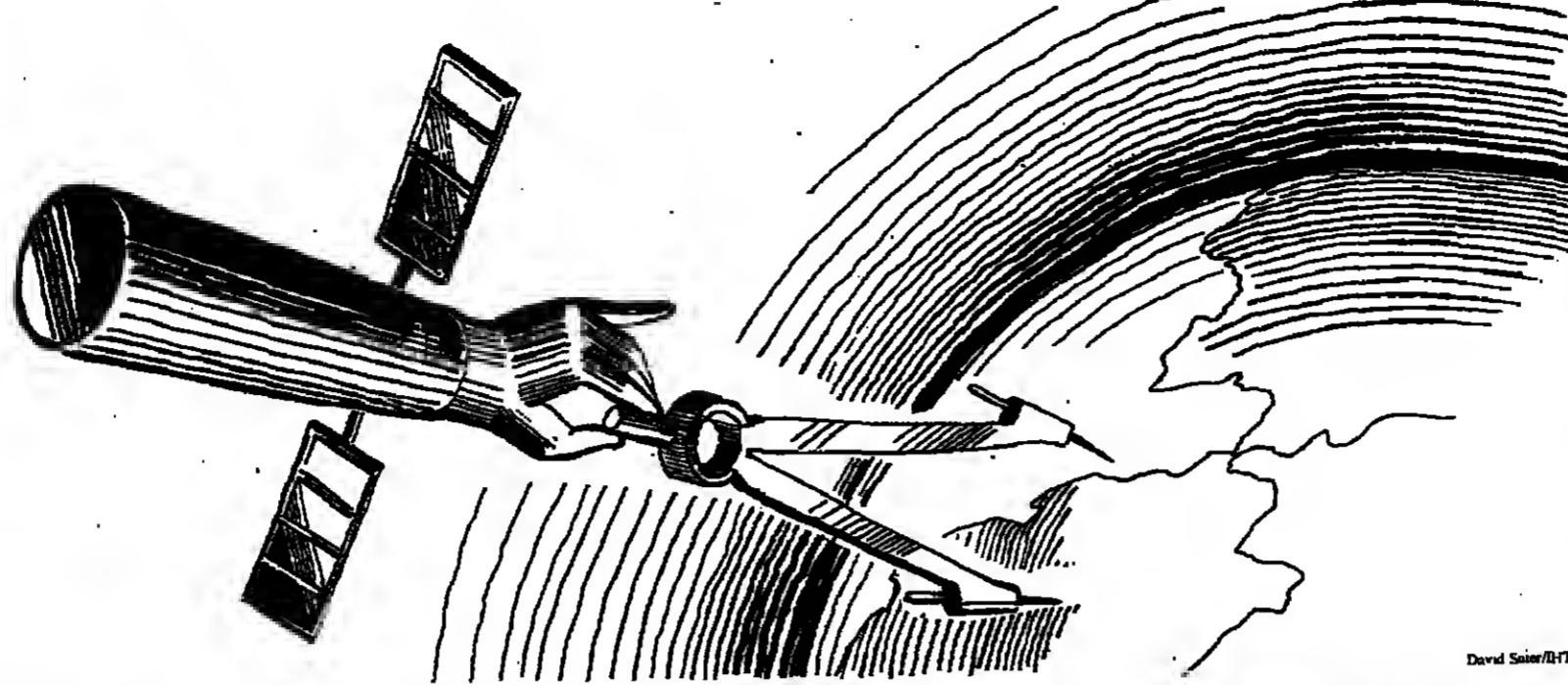
Farmers use GPS for precision planting and fertilizing. Golf carts equipped with GPS tell players how far they are from the pin and offer tips like a caddy. Long-distance runners use GPS as an electronic whip, to keep to a six-minute mile. GPS tracking is used in the Iditarod dog-sled race in Alaska, where nothing but whiteness can stretch for miles.

GPS, which stands for Global Positioning System, has truly gone global. GPS satellites pinpoint latitude and longitude coordinates on Earth, and GPS receivers on the ground now range from handheld units for hikers and boaters to sophisticated systems accurate enough to put a plane down on a runway.

GPS receivers may someday become as pervasive and indispensable as the system's cheerleaders expect. Industry trade groups predict that the market for all GPS-based products, now at around \$2 billion annually, will rise to \$8.5 billion by 2005.

The potential future uses are compelling — or frightening, depending on your perspective. Global positioning will be used to track Alzheimer's patients with receivers embedded in their clothing. When your car's "check engine" light flashes, you will be guided to the nearest fast bus service station.

The Global Positioning System, developed in the United States by the Department of Defense in the 1970s, consists of 24 satellites that orbit Earth every 12 hours. The satellites transmit continuous time and position data to ground-based receivers. The system was originally intended to pinpoint the positions of soldiers, weapons and targets. Now that civilians are in the picture, it can be used as a trip calculator, compass,



David Sauer/BHT

speedometer or scientific measuring device.

The satellite network has always had a security feature that deliberately limits accuracy to about 100 meters, or 328 feet, for users outside the United States military. That limitation, known as "selective availability," was put into the system to blur its accuracy if enemy forces tried to use the network to locate targets.

For years there have been clever but expensive techniques to get more precise readings. But for the average user without that capability, the difference can be a city block. The government is planning to phase out the security feature but has not set a date.

For a GPS system to be truly useful, it needs links to other information sources, such as a map.

Perhaps the most popular recreational uses for GPS receivers in the United States are for boating and biking. For not much more than the price of a Gore-Tex jacket, you can buy a small GPS receiver that slips easily into a large pocket. That reflects a steady drop in price. Six years ago, a basic receiver cost \$2,000. Today, receivers of similar quality cost \$249.

Problems arise, however, when people set out for the mountains with a GPS receiver and no compass or topographical map. Should the batteries die on the trail, the situation

could quickly turn dangerous. "Certainly, having a GPS receiver gives you a false sense of security," said Matt Sanders, an assistant electronics buyer at West Marine of Watsonville, California, a leading supplier of boating equipment. "We encourage our customers to think of the GPS receiver as an aid but not the sole means of navigation."

Safety has become a big catchword with GPS. Police and fire departments use GPS data when dispatching units to a crime site or fire, and the U.S. Federal Communications Commission has ruled that by 2001, all cellular phones must be equipped with GPS receivers or other location devices that will enable the police to locate the user of the phone.

Arkenstone, a company in Sunnyvale, California, is developing a GPS kit for the blind. The system, called Strider, consists of a portable computer with a talking map, a GPS receiver and a separate differential receiver for correcting the signal error, all to be worn in a backpack. Strider is meant to supplement, not replace, a guide dog or cane.

"Dogs are good at spotting open man-hole covers, which a GPS receiver cannot do," said Jim Fruchterman, the president of Arkenstone.

In the commercial market, the GPS killer application is supposed to be a car that can tell you when to hang a left.

American drivers lag far behind their counterparts in Japan. Nearly 2.5 million

Intel's New Chief Steps In Just in Time for Turmoil

By Tom Buerkle
International Herald Tribune

LEIXLIP, Ireland — Craig Barrett is a man in a hot seat. On the eve of his appointment as chief executive officer of Intel Corp., he is about to succeed the legendary Andrew Grove just as turmoil in the computer industry and the Asian economic crisis have brought a halt to a decade of spectacular growth at the world's leading chipmaker.

So bow does it feel?

"On a day-to-day basis, I see two shadows: my wife's and Andy Grove's," says Mr. Barrett, 58, now Intel's president and a 24-year veteran of the company. "They're both very tough acts to follow."

That kind low-key humor is typical of Mr. Barrett and the way he approaches the challenge of reigniting growth at Intel. While some in the industry say today's keener price competition and segmentation of the personal-computer market pose a serious threat to Intel's



Craig Barrett of Intel

dominance, Mr. Barrett sees more of a continuation of the competitive environment in which Intel has thrived to date.

"I think we've always had competition, so I don't think that's anything new," he said, dismissing the suggestion that he faced a tougher test than Mr. Grove did a decade ago. He recalled how Intel fought off clones of its 386 and 486 chips in the late 1980s and the introduction by Motorola Inc. of the rival PowerPC chip in the early 1990s.

"We survived that," he said. "That's why we're paranoid" — an allusion to the title of Mr. Grove's latest book, "Only the Paranoid Survive."

Mr. Barrett, who spoke here Monday after opening a \$1.3 billion chip plant in this small town near Dublin, is too careful to predict a quick turnaround for Intel. Revenue will be flat at best in the current quarter, he said, and talk of a

second-half upturn remains a hope, not a forecast. It is too soon to say when demand will recover in Asia, he said, although continued growth in China — its biggest market outside Japan — is an encouraging sign.

But the long-term outlook remains positive, he insisted.

Mr. Barrett acknowledged that Intel had been late to respond to the movement of the PC market and said it would do so later this year with the launch of Celeron, a stripped-down version of the Pentium II processor for low-priced PCs. The new plant in Ireland, where Intel employs about 4,000 people, will produce Pentium IIs as well as Celerons.

But Mr. Barrett said he saw these entry-level PCs as a vehicle for growth rather than a permanent shift to lower margins in the industry.

"I think low-priced cars expanded the automobile market," he said. "It's my hope that sub-\$1,200 PCs will expand the market and not cannibalize the market."

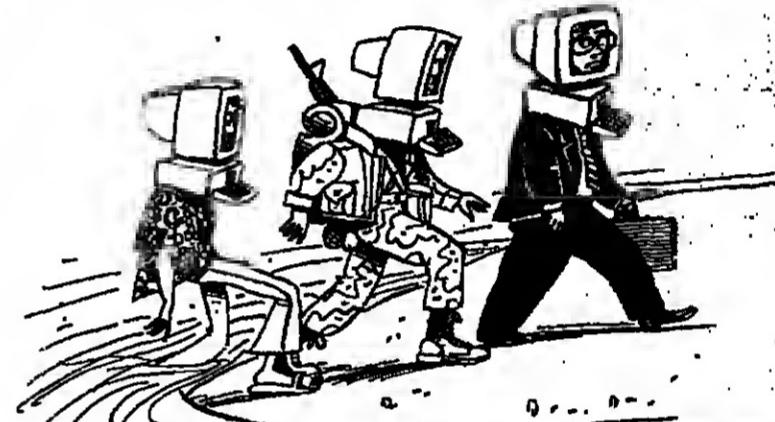
Other forces also should drive demand for high-performance chips. New, power-hungry applications are just on the horizon, such as voice recognition. Intel executives dazzled the audience at the plant opening here by demonstrating new software that enabled a PC to take dictation with impressive speed and accuracy using the power of a 450-megahertz Pentium II processor, which Intel will begin shipping this year.

All of this seems to add up to a steadily growing market.

"Our vision is pretty simple: a billion connected PCs," Mr. Barrett said.

Intel says such a huge installed base is possible early in the next decade and will sustain annual worldwide sales of 200 million machines, more than double the 85 million sold in 1997, as well as fueling demand for more powerful machines such as workstations and servers.

ALT /Commentary



Randy Jones/BHT

Big Firms Slow It Down
Cooperation, Not Competition, Drives the Net

By Douglas Rushkoff
New York Times Service

NEW YORK — How can you object to a market-driven Internet when it's the rooster that is driving technological innovation, universal access and competitive pricing?

This, anyway, is the argument that business people throw at me when they hear my anti-business tirades.

How can I? My answer is that it is not the brute force of the marketplace that has brought us any of the major technological and social leaps leading to what we now know as the Internet. These innovations have been driven by cooperation, not competition.

Eudora, Usenet, the Web browser and chat were not developed by companies but by universities. They were not sold in stores but distributed as "shareware," for free. They were not developed by people looking to make money but by students and researchers hoping to advance the state of networked culture. The protocols that allow our computers to communicate were developed collaboratively. These standards were not set by business monopoly or "first-to-market" companies, but by committee.

Many of us, including me, were mistakenly convinced that the U.S. military had had a lot to do with this. An essay by the science-fiction writer Bruce Sterling, in which he outlined how the Defense Department and the Rand Corp. think tank had created the Internet as a way for the military to maintain communication in the event of a nuclear war, is only half true.

What really happened is that the Defense Department saw that the existing communications infrastructure developed by scientists and universities could survive a nuclear war and could be used by military installations in this eventuality. Because of this, the Defense Department funded additional research.

The fact remains that every single major development in on-line technology and communication came as shareware. Since big business took the wheel, we haven't seen anything significant — except maybe Java, an Internet programming language invented at Sun Microsystems Inc., which is itself distributed for free.

Microsoft Corp. and Netscape Communications Corp. have developed increasingly sophisticated browsers and e-mail programs that don't really do anything more than early shareware versions of Mosaic and Eudora did — except to take up more hard-drive space and processor speed.

The companies creating these programs also (intentionally) create all sorts of compatibility problems as they fight for market share.

While shareware developers create programs to address needs, businesses develop programs to create needs. It is a bizarre form of reverse engineering, where the research department figures out how to do something new, and then the marketing department determines how to sell it.

By setting standards and fighting compatibility, companies can ensure that their customers will need to buy new machines and software if they want to keep communicating with others. Competition devolves.

Not true, business folks argue: in the long run it will all be better. The force of competition drives evolution. "Survival of the fittest" may sound harsh, but it's what allows a species to develop.

At first, perhaps that's true. But many species also evolve unique bits of software that benefit groups and not just individuals. The poison in a mosquito's bite benefits not the mosquito who has stung us but her buddies. Our nervous itching releases a hormone into our sweat that the other mosquitoes can smell in order to find us.

Evolution — and survival — are team sports.

This also applies to the Internet. Unlike many of our technologies, the Internet depends on cooperation for its survival.

No wonder it requires a supreme effort, the likes of which only a Microsoft can afford, to impose standards for profit in such an environment.

Businesses encourage us to think of ourselves as shareholders rather than community members. The bottom line is money, and how much of it we'll get to keep for ourselves.

Such an ethic does not promote innovation in the style or technology of group dynamics. On the Internet, the true bottom line is communication. This is why the only productive ethics have always been education and the free exchange of ideas and tools. Shareware is a more highly evolved survival mechanism than competition.

But business, proponents argue, pays for ads on the Web, allowing for all these terrific Web sites!

Actually, that is not true. The advertising business model has not worked on-line — only direct sales sites such as Amazon.com and pay-for-access sites have turned a profit. Banner ads don't work, and the commercial-content providers that depend on them are dropping like flies.

Maybe that is what will finally end the argument. The businesses attempting to steer the Internet will just go out of business.

Douglas Rushkoff is an author and consultant on computer issues.

How to Check Your PC for the Turn of the Century

By Scott Gerlach
Readers

NEW YORK — Are you worried that your personal computer isn't Year 2000 compliant? Some simple guidelines and publicly available software can tell you.

The millennium bug may lurk in any of three locations on a personal computer — in software applications, in the operating system or in the BIOS, the basic instruction set that governs the computer's operation.

Once turned on, a PC relies on its BIOS (basic input/output system) to check the data stored in the system's real-time clock. The operating system then grabs the date and time from this clock, and applications draw date information from the operating system.

Software compliance should be checked with the program's manufacturer, and there is a good chance such information can be found on the World Wide Web. Diagnosing the hardware and the operating system's susceptibility is a bit more straightforward.

Users of IBM-compatible machines might face problems if their systems rely on a Pentium processor or an older

chip. Some Pentium, 486s and their predecessors, are not "century date" compliant. Machines with more recent Pentium chips or Pentium II processors should have no hardware problems.

A diagnostic software utility may be downloaded free of charge from the Web site of the U.S. National Software Testing Laboratories at:

www.nstl.com/html/marc/2000.html

The program, called YMARN2000, temporarily sets the computer's internal clock to read 10 seconds before the millennium and then monitors its ability to roll over to 2000.

Microsoft Windows, the dominant operating system for Intel-based computers, also exhibits mixed millennium compliance. Windows 98 and Windows NT 4.0 — and any evolutions thereafter — should have no century date problems. Windows 3.1 and older revisions of Windows 95 may need to be upgraded to elicit full compliance.

Microsoft maintains a Web site with information on the millennium readiness of all of its products at:

www.microsoft.com/year2000/

A mountain of information resides at

this site, regarding not only Windows but also applications such as Word and Excel. Apple Macintoshes and compatibles have been ready for 2000 since their genesis in 1984. Interestingly enough, however, current Macs will have trouble in the year 29940 — keep that in mind if your business plans extend 28,000 years or so.

Mac-related millennium information can be found on Apple's Web site at:

www.apple.com/macos/inf/2000.html#macos

Users of Sun Microsystems computers, Unix operating system platforms, can check compliance on Sun's site at:

www.sun.com/y2000

BRIEFLY

• **BT'S MULTIMEDIA FUTURE:** British Telecommunications PLC plans to invest £800 million (\$1.3 billion) to upgrade its network to accommodate growing Internet traffic.

BT said that by 2003, the volume of Internet and other multimedia traffic would match the number of ordinary voice calls, which currently account for about 90 percent of its revenue.

It said the latest investment was being made to handle new services such as electronic trading, mobile and broadband data integration and digital broadcasting.

The investment brings to £1.1 billion the amount BT has agreed to invest so far this year to attract more data to its network. (AP)

• **LET THEM ENCRYPT:** Noting that powerful computer software to scramble electronic messages is already available internationally, sponsors of a new U.S. Senate bill want President Bill Clinton's administration to ease restrictions on exports of American-made encryption software.

The legislation, introduced Tuesday, also would guarantee the right to scramble messages using nearly unbreakable codes. It could increase pressure on the administration to ease restrictions, including export limits, on the technology.

The Justice Department, and specifically the FBI, opposes uses of encryption that do not leave a way for law-enforcement officials to unscramble messages in investigating crime, and it wants limits on sales of American-made encryption software. (AP)

• **ULYSSES' TRAVELS:** WorldCom Inc. has scheduled completion of its European fiber network for this summer, said Mark Weeks, a spokesman.

The first loop in the network will link London, Amsterdam, Brussels and Paris and will be ready for service in July. The second loop links Frankfurt, Brussels, Amsterdam and Paris and is sched-

uled to be completed in August.

• **CABLE TV TAKES TOLL ON TELEKOM.** Deutsche Telekom AG, which announced last week that it was acquiring Chrysler.

Telekom's chairman, Klaus Wittenberg, said the deal will help the company diversify its operations beyond its traditional telephone and Internet services.

TECHNOLOGY INDEX			
<i>A glance at technology stock indexes around the world</i>			
North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange	360.01	-0.32	+23.90
Technology			
Standard & Poor's Technology Composite	889.85	+0.65	+27.13
Europe			
Morgan Stanley	564.28	-1.95</	

ads Up to China

Herald INTERNATIONAL Tribune

BUSINESS/FINANCE

THURSDAY, MAY 14, 1998

PAGE 13

The Fed Airs Its Secrets for All to See

In Era of Global Markets, Bank Takes Steps Toward Transparency

By John M. Berry
Washington Post Service

NEW YORK — The word "secretive" is often used to describe the operations of the Federal Reserve Bank of New York. From a trading desk on the ninth floor of a building to the heart of Manhattan's financial district, central bank officials buy and sell U.S. Treasury securities in vast quantities, sufficient to keep short-term interest rates where they want them.

But secrets are increasingly difficult to keep in a world of global markets and instant communications.

Peter Fisher, the bank's 42-year-old executive vice president, says the bank has had to become far more flexible and open in its trading activities.

Mr. Fisher, who has run the central bank's domestic and foreign-trading operations for three years, says he welcomes the new openness. He has a lot of dealings these days with the 36 primary dealers, the government-securities arms of banks and brokerages that are qualified to deal directly with the Fed.

"I want the dealers to think of me as a picky customer so we can deal with each other on a business basis that will benefit us both," Mr. Fisher said.

In the past, for example, the Fed kept mum on how many Treasuries it wanted to buy or sell, and engaged in several transactions simultaneously with multiple firms to help disguise its dealings. Now its total buy or sell order is fed into computers for all primary dealers to see.

Last month the Fed acted as the agent for the Bank of Japan in selling \$12 billion worth of Treasury bills. The transaction marked the first time the Fed told the dealers not just what was being sold

on behalf of a customer, but how much. Mr. Fisher has also engineered a more difficult and nuanced change for its own "open market operations," jargon for its trading activities. Until last year, government bond dealers waited eagerly for 11:31 or 11:32 every morning. That was the time at which the mighty Fed would start wheeling and dealing.

But Mr. Fisher and other Fed officials found themselves on some days unable to buy enough government securities from banks — and thus unable to pump the amount of money into the financial system needed to keep interest rates where the central bank wanted them — because the dealers had by 11:30 already finished billions in other trades and hadn't enough securities to sell.

Mr. Fisher responded to that problem by moving the intervention time up an hour and hopes eventually to move it up to 9:30 A.M. Now, shortly before 10:30 most weekday mornings, there is a conference call with the Fed officials in Washington — one regional Fed bank president always listens in — to discuss the state of the money markets and what intervention is needed to keep the federal funds rate on target. And once that is agreed on, Mr. Fisher has interjected a new tradition, part of his pursuit of "maximum flexibility."

Instead of just intervening at a set time, one Fed official takes a small leather game cup from a shelf, gives it a quick shake and rolls a single die onto the table. Whatever comes up, 1 to 6, determines the minute after 10:30 at which the Fed sends its computer message to the dealers to begin its effort to keep overnight interest rates where the Fed wants them.

Mr. Fisher said his goal was to achieve "maximum flexibility" in the

trading operations. To that end, for example, the trading desk has had to become "more responsive to market conditions," particularly as the Treasury has cut back issuing new securities as the federal budget deficit has come down.

In one surprising departure, Mr. Fisher has encouraged big banks to catch short of cash late in the day to come to the Fed's discount window to borrow money directly from the central bank rather than try to borrow from other banks or brokers. A bank scrambling for cash can drive up overnight rates and destabilize the market.

In the past, such borrowing was discouraged. The Fed's attitude has had to shift because a variety of developments have sharply reduced the level of reserves — the cash financial institutions must keep in non-interest-bearing accounts at Federal Reserve banks.

Since the Fed pays no interest on the banks' reserves it holds, large banks have made a major effort to minimize them by establishing so-called sweep accounts. At the end of each day, the banks "sweep" the money out of checking accounts and put it in overnight investments that pay interest to the depositors.

The advent of sweep accounts has reduced required reserves to the point where the Fed has a much smaller margin of error in calculating how much money the banking system needs. It also makes it much more difficult to manage reserve levels as a way of hitting the Fed's target for the short-term federal funds rate, currently 5.5 percent, which is its key operational tool for stabilizing the economy. A "miss" by the Fed on adding cash to the system can cause overnight interest rates to bounce up or down unexpectedly.

The Fed's Balancing Act

The Federal Reserve has less margin for error now in deciding how much money to pump into the banking system to keep overnight interest rates where it wants them. The biggest reason: Banks have found ways to reduce the level of reserves they must keep in non-interest-bearing accounts at the Fed.



Required reserves on deposit
Source: Federal Reserve
The trading activities of the Federal Reserve Bank of New York are much more open and flexible now, says Peter Fisher, executive vice president.

The Washington Post

Legislators Attack Deal On Banker

Europe Parliament Seeks Delay in Duisenberg Exit

By Barry James
International Herald Tribune

PARIS — The European Parliament on Wednesday confirmed the appointment of Wim Duisenberg as president of the European Central Bank, but with a slap at Europe's politicians it cast doubt on the length of his tenure.

Mr. Duisenberg was appointed for an eight-year term at a Brussels summit meeting of European Union leaders May 2 only after the former Dutch central banker gave his word that he would step down halfway through the term to make way for the French central banker Jean-Claude Trichet. The deal caused an uproar in Germany and elsewhere over fears that the future bank would be susceptible to political interference.

The Parliament, meeting in Strasbourg, added an amendment saying that Mr. Duisenberg should not exit at the same time as the bank's vice president, Christian Noyer, a French Treasury official who will serve a four-year term.

The amendment implied that Mr. Duisenberg should serve longer than expected. He has said he expects to serve until the middle of 2002 to oversee the introduction of new euro banknotes and coins in the middle of that year.

The euro will become reality for non-cash transactions Jan. 1, while the bank, which will set interest and exchange rates for the 11 countries adopting the new currency, will start operations July 1.

Separately, the European Commission, the executive arm of the European Union, praised member governments for their progress in drawing up national action plans for unemployment.

Joint action to foster growth and fight unemployment is considered the reverse side of the coin in introducing the euro. As part of their growth commitments, EU members agreed to prepare unemployment action plans. At their year-end meeting in Vienna, leaders will examine how effective governments have been in translating these programs into action, and identify those practices that can best be used generally throughout the EU.

The Brussels-based commission did not, as some reports have suggested, criticize Paris and Rome for their plans to shorten the workweek to 35 hours. Instead, it singled out the programs of France and Spain, two countries with among the EU's worst unemployment records, for setting out specific priorities and quantifying the efforts and resources needed to deal with the problem.

Many members of the European Parliament, on the other hand, were harsh in their criticism of governments, making it clear that they did not approve of the horse-trading that led to the awkward Brussels compromise.

The wheeling and dealing had taken EU citizens to the "clear limits of their patience," said Christa Rizzi-Plath, who compiled the Parliament's report on the six nominees to the bank's executive council, including Mr. Duisenberg.

Although the legislature had no authority to reverse the leaders' decision or set the timetable for any bank officer's departure, a vote against any of the nominees could have been politically damaging for the central bank's credibility.

Mr. Duisenberg had intimated that he would not serve if he failed to win the Parliament's confidence. He was approved, 439 votes to 40, with 59 abstentions. The other council members — Mr. Noyer, Eugenio Domingo Solans of Spain, Ottmar Issing of Germany, Sirkka Hamalainen of Finland and Tommaso Padoa-Schioppa of Italy — were confirmed by similar margins.

In Face of Labor Protest, Athens Outlines Plans for Privatizations

Compiled by Our Staff From Dispatches

ATHENS — Defying threats by labor unions, Greece announced Wednesday a timetable for selling stakes in or operating licenses for 11 state companies over the next 17 months to raise more than \$2.6 billion as the country attempts to qualify for European monetary union.

The plan include the September sale of a 15 percent stake in Hellenic Telecommunications Organization SA, Greece's largest company, and the July sale of the state's remaining 80 percent stake in Hellenic Duty Free Shops SA, the largest commercial retailer. These two sales would raise about

800 billion drachmas (\$2.6 billion) this year, the government said.

The list also includes the Athens and Thessaloniki water boards and ports, up to 49 percent of which will be offered to investors, as well as the Corinth Canal, the Horse Racing Organization and the Thessaloniki Trade Fair.

"The flotation of the 11 state corporations will reap significant benefits for Greek citizens," said Finance Minister Yannos Papandouli.

The Athens bourse appeared to welcome the news, as the ASE Composite Index closed at 2,494.66 points, up 2.3 percent.

The announcement came just days before an anticipated labor reaction to the planned sale of state banks. Strikes at banks are expected to start Friday and run through June 5, and Greece's largest labor organization, the General Confederation of Greek Workers, has called for nationwide anti-privatization walkout on May 27 — the third in two months — to protest state-asset sales and labor reforms.

"The government will not sacrifice its important targets, such as joining EMU, to the altar of increase although limited labor-union reactions," Mr. Papandouli said.

Labor reaction has made for a rocky road to economic recovery for Greece, the only EU member to be left out of the first phase of Europe's monetary union for failing to meet economic criteria.

Determined to qualify by 2001, it has vowed to streamline its economy and shrink its bloated public sector. It devalued the drachma by 14 percent and entered it in the European exchange-rate mechanism March 14. The privatizations, if successful, are expected to help Greece cut its budget deficit to less than 3 percent of gross domestic product, one of the requirements for joining the common currency. (Reuters, Bloomberg, AFP)

INTERNATIONAL MANAGER

Home Depot Chief Builds A New Outlook: His Own

By Jennifer Steinhauer
New York Times Service

ATLANTA — Their roles were always clear. Bernard Marcus, co-founder of Home Depot Inc., served as the public and very animated face of one of the fastest-growing retail companies in the United States. As chief executive for 19 years, he sparred with investment bankers, told jokes at company dinners and was universally viewed as the man who put the fun in two-by-fours and toilet plungers.

The other co-founder, Arthur Blank, was the operations guy. He crunched the numbers and kept a close eye on inventories. Funny and personable in his own right, he still let Mr. Marcus hog the limelight.

But in the year since Mr. Marcus handed over the chief executive's reins and edged into the background as chairman, Mr. Blank has quietly begun to make his mark.

He is doing so at a crucial time. All fast-growing retailers that spend years putting stores in every corner of the country must one day face the challenge of keeping the excitement alive, for both investors and shoppers, even as untouched territory dwindles. For Home Depot, that time is now, so it falls to Mr.

Blank to steer the company into new markets and expansion by acquisition.

This year "was more challenging than I remember," Mr. Blank said during an interview in his office, which overlooks a sea of trees on the edge of downtown Atlanta.

Although Home Depot is best known as the do-it-yourself giant, providing everything from screws to electrical wiring for American fixer-uppers, the company is determined to branch out.

It is trying to snag more professional builders and, through its new Expo stores, bring in upper-income shoppers who want someone else to redo their homes. And recent acquisitions show that it has other irons in the fire.

Perhaps most significant to employees, Mr. Blank is padding out the free and easy management structure by recruiting senior executives from outside to help steer the company in new directions.

The story of Home Depot's beginnings is practically the stuff of retail legend. Mr. Marcus and Mr. Blank met in 1968 when both worked for the Handy Dan home-improvement chain in California. In 1978, they were dismissed over disagreements about the small chain's future. (Revenge came later, when Home Depot's muscle helped put Handy Dan out of business.)

He is doing so at a crucial time. All fast-growing retailers that spend years putting stores in every corner of the country must one day face the challenge of keeping the excitement alive, for both investors and shoppers, even as untouched territory dwindles. For Home Depot, that time is now, so it falls to Mr.



The New York Times
Arthur Blank of Home Depot Inc.

That same year, they formed Home Depot, with the goal of encouraging creative input from everyone from salespeople to managers. With stock options offered even to the lowest-level employees, the enemy would be the lumber yard down the street, not the boss.

This familial structure, plus a ferocious sense of competition — the executive floor is plastered with posters displaying such exhortations as "Make due or eat dust" — proved a winning combination.

Since Home Depot went public in 1981 at 79 cents a share (adjusted for splits), the stock has risen nearly hundredfold. And it has posted more consistent results than the likes of Toys 'R' Us.

See DEPOT, Page 17.

CURRENCY & INTEREST RATES

Cross Rates		LIBID-BILB Rates		May 13	
\$	E.	D.M.	F.F.	Yen	DM.
2,025	2,0765	1,249	0,236	1,1414*	1,207
Brussels	2,110	2,053	1,151	2,079	19,364
Frankfurt	1,7015	1,916	0,292	0,9164*	1,247
London (E)	1,621	2,059	1,220	1,220	1,220
Madrid	151,23	247,29	2,223	2,223	2,223
Milan	154,53	247,50	2,223	2,223	2,223
New York (E)	5,970	5,987	1,2534	1,2534	1,2534
Tokyo	14,813	21,29	0,234	0,234	0,234
Toronto	1,689	2,021	0,207	0,207	0,207
Zurich	1,105	1,656	0,3402	0,3402	0,3402
1 GBP	1,307	2,207	0,608	0,608	0,608
EDR					
Cross rates					
Amsterdam	1,2405	1,2425	1,2425	1,2425	1,2425
London (M)	1,2404	1,2433	1,2433	1,2433	1,2433
Paris (M)	1,2404	1,2433	1,2433	1,2433	1,2433
Switzerland	1,2404	1,2433	1,2433	1,2433	1,2433
Canada (M)	1,2404	1,2433	1,2433	1,2433	1,2433
U.S. dollar	1,2404	1,2433	1,2433	1,2433	1,2433
U.K. pound	1,2404	1,2433	1,2433	1,2433	1,2433
French franc	1,2404	1,2433	1,2433	1,2433	1,2433
Italian lira	1,2404	1,2433	1,2433	1,2433	1,2433
Swiss franc	1,2404	1,2433	1,2433	1,2433	1,2433
Canadian dollar	1,2404	1,2433	1,2433	1,2433	1,2433
U.S. dollar	1,2404	1,2433	1,2433	1,2433	1,2433
U.K. pound	1,2404	1,			

U.K. Data Too Good To Keep Rates Flat

Reuters

LONDON — Unemployment in Britain tumbled by more than 17,000 in April to its lowest rate in 18 years, official figures showed Wednesday, and an increase in average earnings kept alive the possibility of a further interest-rate rise.

The Office for National Statistics said the drop in the number of jobless put the April unemployment rate at 4.8 percent, the lowest since 1980 and down from 4.9 percent in March.

The report also showed that average earnings in the three months to February rose 4.9 percent from a year earlier, compared with a 4.6 percent increase in the three months to January.

The increase dashed market hopes of a definitive sign that interest rates have peaked and even took the Bank of England's chief economist, Mervyn King, by surprise.

Speaking after the release of the bank's quarterly inflation report, Mr. King said wage growth would have to fall back if the government's inflation target were to have any chance of being hit.

The alarm bell from the central bank drowns out the otherwise more optimistic message in its inflation report, which predicted inflation would stick close to 2.5 percent over the next two years.

The government was also concerned enough to fire out a rapid warning. "Again, private-sector earnings give serious cause for concern," the Treasury said, adding that high pay now could mean higher rates, lost jobs and slower growth in the future.

The tightness of the labor market has been a nagging concern for the Bank of England in its fight to keep inflation down, and the latest data offered hawks more reasons to dig their heels in.

Minutes of the bank's April Monetary Policy Committee meeting, made public Wednesday, showed the group split, 5 votes to 3, in favor of keeping key interest rates at 7.25 percent, where they have been since last November.



Munich Opens a Link Between Airport's Terminals

Erwin Huber, Bavaria's state minister, left, standing in front of the nearly completed Munich Airport Center at its opening ceremony Wednesday. Mr. Huber was joined by Willi Herrnse, center, the airport's manager, and Helmut Jahn, the German-American architect of the building, which links two of the airport's terminals.

New Suitors Line Up for PolyGram

Bloomberg News

BAARN, Netherlands. — PolyGram NV, the world's largest recorded-music company, is the object of a bidding battle between Seagram Co. and two U.S. leveraged-buyout funds, according to reports published Wednesday.

PolyGram is likely to bid as much as \$10 billion for all of PolyGram, which is 75 percent owned by Royal Philips Electronics NV. The Financial Times of London said without citing sources, Forstmann Little & Co. and Thomas H. Lee Co. also are interested. The New York Times reported separately, quoting people familiar with the situation, Philips declined to comment, and PolyGram could not be reached for comment.

PolyGram's film business, although it now accounts for just 16 percent of the company's revenue, is

expanding rapidly and could give Seagram's Universal Studios a lift. At the same time, Seagram's relatively small music business would jump to the head of the pack, allowing it to capitalize on the lucrative marketing link between movies and their soundtracks. The leveraged-buyout funds do not appear to offer such a good match, analysts said.

"The logic of the matter is that a leveraged-buyout organized bid is not going to be able to gain the same synergies," said Nigel Reed, an analyst at Paribas Capital Markets. "I'd expect Seagram to be first in the frame."

In addition, PolyGram's chief executive, Alain Levy, is rumored to be planning a management buyout with the backing of Societe Generale SA of France. Variety magazine reported, adding that PolyGram had

declined to comment on the report.

The New York Times reported Saturday that Seagram was interested in PolyGram, and The Wall Street Journal/Europe reported Monday that the bid price would be between \$9 billion and \$10 billion.

The New York Times reported Wednesday that Forstmann Little and Thomas H. Lee had sent letters to the boards of both PolyGram and Philips expressing interest in buying the Philips entertainment subsidiary.

On the Amsterdam bourse, PolyGram's shares rose 3.20 guilders, to 105.70 (\$53.12), while Philips' shares fell 1.50, to 196.40.

Philips aroused speculation about the sale of PolyGram when it said last week that it was "evaluating various strategic options" for its stake in PolyGram. Philips has since refused to provide further details.

C&W Posts Higher Profit In the Face of Asian Turmoil

Compiled by Our Staff Dispatchers

LONDON — Cable & Wireless PLC said Wednesday that its profit rose 13 percent last year and that it had successfully ridden out the Asian economic downturn.

The telephone company posted pretax profit of £1.6 billion (\$2.61 billion) for the year that ended March 31, up from £1.42 billion a year earlier. Sales rose to £8.30 billion from £7.00 billion. The company said it had raised its customer base by 70 percent, to 17 million.

The results exceeded analysts' expectations, and Cable & Wireless' shares rose 10 pence to close at 690.

The company said it had managed strong growth despite the cost of strategic investments and said its Hongkong Telecommunications Ltd. subsidiary had shown "impressive growth."

C&W posted a one-time gain of £519 million on the sale to China of 5.5 percent stake in Hongkong Telecom and a £18 million gain in tax-free compensation by the government ahead of the early surrender of Hongkong Telecom's international monopoly. The gains were offset by a £158 million charge.

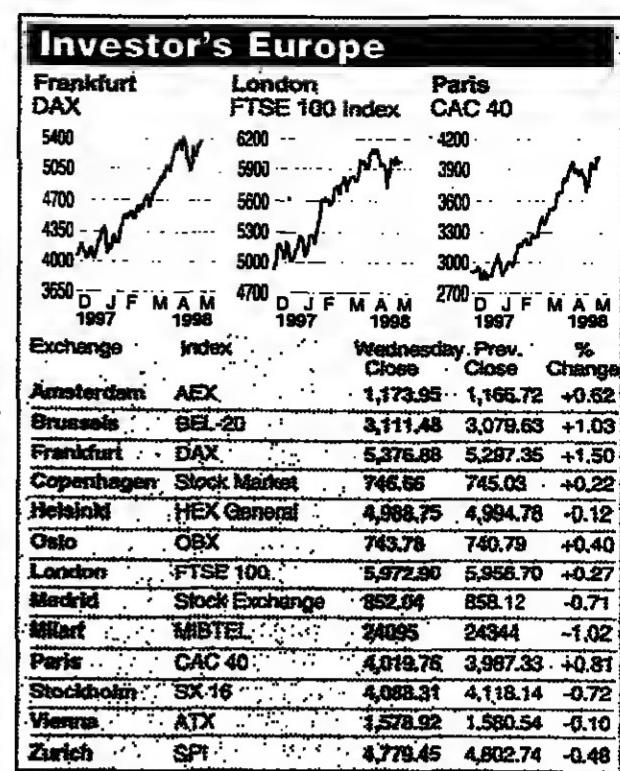
C&W said it and its new partner, Telecom Italia, planned to connect multinational customers in every major European market by the end of the year. (AFP, AFX, Reuters)

Profit Rises 18% At Telefonica

Reuters

MADRID — Telefonica SA said Wednesday its first-quarter profit rose nearly 18 percent, helped by robust growth in mobile telephones and foreign business operations.

First-quarter profit was 32.83 billion pesetas (\$217.9 million), up from 27.9 billion pesetas in the year-earlier quarter. Sales rose to 716.58 billion pesetas from 631.94 billion pesetas.



Source: Telekurs

International Herald Tribune

Very briefly:

- Tetley Group will sell shares on the London exchange to raise capital for an expansion. The maker of bagged tea, which was acquired by an investment group from Allied-Domecq PLC, will give details of the listing, including a price range, in June.

- Switzerland will sell shares in Swisscom this autumn but has yet to decide on the size of the offering.

- Anglogold Ltd. of South Africa and Barrick Gold Corp. of the Democratic Republic of Congo, Anglogold will spend as much as \$15.6 million to finance the exploration in exchange for stakes in various Barrick properties in Africa.

- British Sky Broadcasting Group PLC and British Digital Broadcasting agreed to make their digital television decoders compatible, resolving the companies' principal disagreement, according to the Independent Television Commission.

- SmithKline Beecham PLC abruptly dropped plans to market the lead migraine drug of Vanguard Medica PLC, citing an overload of new products.

- A Bundesbank council member, Olaf Sievert, said he saw no need to change interest rates now, though he said the German central bank had to increasingly take into account the Eurozone inflation outlook.

- A Deutsche Bank AG management board member, Josef Ackermann, took direct control of the bank's investment-banking business. He had shared control of the unit with Ronaldo Schmitz, who will concentrate on client relations.

- France Telecom's first-quarter sales rose 4 percent from a year earlier, to 39.2 billion francs (\$6.59 billion), as increased use of mobile phones and its Wanadoo Internet access service offset falling revenue from fixed-line connections.

- Snecma, the state-owned French maker of jet engines, is studying building with General Electric Co. a new engine for use in planes seating 100 to 200 passengers. Bloomberg, Reuters

WORLD STOCK MARKETS

Wednesday, May 13

Prices in local currencies.

Telekurs

High Low Close - Prev.

Amsterdam AEX Index: 1172.95

Previous: 1142.75

ABN-AMRO 50.10 46.60 49.00 49.20

Aegon 212.82 173.70 217.40 217.23

Akzo 114.00 107.50 114.50 114.50

Akzo Nobel 42.00 41.13 41.50 41.50

Alstom 111.40 105.90 111.50 110.70

ASML 14.20 13.20 14.00 14.00

Bata West car 31.20 28.20 31.20 31.20

Bayer 11.20 10.70 11.20 11.20

BASF 11.20 10.70 11.20 11.20

BASF-Ciba 11.20 10.70 11.20 11.20

Bayer Crop 11.20 10.70 11.20 11.20

Wednesday's 4 P.M. Close

The 2,400 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere
The Associated Press.

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ASIA/PACIFIC

•82% Jump in Japan Surplus Likely to Spark U.S Pressure

TOKYO — The surplus in Japan's broadest measure of trade jumped nearly 82 percent in the year to March 31, the first annual increase in five years, data made public on Wednesday showed.

The Finance Ministry said Japan's current account surplus, which measures trade in merchandise, services, tourism and investment before adjustment for seasonal factors, was 13,040 trillion yen (597.34 billion) in 1997-98. The amount was the largest since Japan recorded a surplus of 14,221 trillion yen in 1992-93.

The surplus in merchandise trade alone rose 55 percent, to 13.6 trillion yen. Exports jumped 11 percent, while imports did not even

manage growth of 1 percent. The data are likely to prompt increased U.S. pressure on Japan to revive its sluggish economy, which would lead to more imports that might cap the ballooning surplus.

"The United States is going to continue to put pressure on Japan," said Manori Yamazaki, senior economist at Paribas Capital Markets. "But whereas in the past they've demanded that exports be restrained, this time it's more a problem of U.S. goods not selling in Japan."

Tokyo is already under intense international pressure to boost domestic demand and open its markets — not only to redress trade imbalances but also to help troubled Asian

neighbors who depend on Japan to absorb their exports.

The United States is widely seen as finding a Japanese current account surplus of more than 2.5 percent of Japan's gross domestic product unacceptable. The 13 trillion yen surplus for 1997-98 is around 2.5 percent of GDP.

Eisuke Sakihara, the vice finance minister for international affairs, said an excessively weak yen was pushing the surplus higher.

The Finance Ministry said that planned structural reforms in Japan's economy, an expected drop in exports to the rest of Asia, and likely increases in imports from a series of economic stimulus measures were expected

to stem the upward growth in the surplus. But analysis disagreed.

Junji Ota, an economist at the Okasan Economic Research Institute, said, "The domestic economy has deteriorated more than I expected six months ago, and I can no longer picture a scenario in which imports would grow again."

He added, "The auto industry depended heavily on exports to Asia, but even if their economies stagnate, European-bound exports should grow further."

The Finance Ministry said vehicle exports rose 26.8 percent in value in the year to March, while vehicle imports dropped 23.3 percent.

(AP, Reuters, AFP)

Kim Rules Out Strikes And Student Support

Continued from Page 13

SEOUL — President Kim Dae Jung, trying to calm investors, warned unions Wednesday that he would take tough action against strikes and said students could not take part in labor rallies.

"Strikes are absolutely unacceptable," Mr. Kim was quoted by his office as saying during a cabinet meeting. He warned that foreigners would not invest in the country if strikes erupted.

The Federation of Metal Workers' Unions immediately defied Mr. Kim, a former dissident himself, promising mass strikes May 27 unless employers agreed to curb layoffs. The federation is supported by 200,000 members at 180 companies, including Hyundai Motor Co. and other major automakers. All federation members are affiliated with the Korean Confederation of Trade Unions.

A spokesman for that umbrella group said the May 27 strikes would be a "first action."

The confederation plans rallies Saturday in Seoul and elsewhere to protest layoffs under the economic retrenchment that was mandated by the International Monetary Fund in return for an aid package for South Korea valued at about \$57 billion.

The confederation's leaders have accused bosses of sacrificing workers and refusing to make changes among their own ranks in violation of a February accord on

sharing the burden of overcoming the economic crisis.

Mr. Kim said the right to hold peaceful rallies was guaranteed by law and called for police to refrain from using tear gas as a method of crowd control.

But he added: "There cannot be student participation. Students are not laborers."

More than 20,000 workers and students threw rocks at riot police, who fired tear gas, during a rally in central Seoul on May 1 staged by the Korean Confederation of Trade Unions.

Stock prices in Seoul rose on expectation that the government would raise the maximum stake that foreign investors could hold in South Korean companies. The composite index of the Korea Stock Exchange finished 4.72 points higher, at 356.58.

Separately, Mr. Kim said bad or doubtful loans to companies by South Korean financial concerns amounted to 120 trillion won (\$86.46 billion), half of which might have to be written off.

"Even the remaining half of these loans could at best be retrieved by stages over a long time," he said.

The Office of Bank Supervision, meanwhile, said nonperforming loans extended by 26 South Korean banks totaled 31.7 trillion won, or 8.7 percent of total credit, at the end of March.

(AFP, Reuters)



JAPANESE FINANCIAL GIANTS AGREE ON LINK — Masao Nishimura, left, president of Industrial Bank of Japan Ltd., and Junichiro Ujiiie, president of Nomura Securities Co., announcing an agreement Wednesday to form two joint ventures to offer financial products and services.

Asia Crisis Slashes China's Export Growth

Continued from Page 13

BEIJING — Growth in China's exports has slowed sharply in reaction to the Asian financial crisis, statistics released Wednesday showed.

China's exports grew 11.6 percent in the January-April period from a year earlier, but that was down from

a 26.9 percent growth rate for the period in 1997, the General Administration of Customs said.

"New orders in the first quarter fell rapidly, indicating exports will slip this year," said Han Xu Shen of the research academy under the Ministry of Foreign Trade and Economic Cooperation.

China has been bracing for a shock to its export industries amid the Asian crisis, which has cut demand for Chinese goods and made products from other Asian countries more competitive. Beijing has repeatedly promised not to devalue the yuan to try to increase exports.

(Reuters, AFP)

DEPOT: Co-Founder, New to the Limelight, Is Putting His Own Stamp on the Retail Hardware Giant

Continued from Page 13

the Gabelli Growth Fund, which holds 760,000 Home Depot shares. But he said it was likely that "its most explosive gains are behind it."

That is one reason Mr. Blank is looking beyond do-it-yourselfers.

About 30 percent of sales already go to professional contractors, but Mr. Blank would like to see that number rise sharply. He is testing a program in the Austin, Texas, stores to beef up sales to builders, who buy roughly \$365

billion in goods each year. A single pro can walk in and wipe out a store's entire supply of certain items. And unlike do-it-yourselfers who pop in after work, the pros insist on being in and out quickly. Nor has Home Depot been as generous as competitors with credit and bulk discounts.

The stores in Austin are experimenting with solutions, offering on-site credit, better delivery, earlier store hours and special checkout desks and sales staff. But they must still get the attention of the pros, who typically go to big-box competitors or local lumber yards.

Home Depot is also thinking global, and will open its first store in Chile this summer. Two recent acquisitions — Deckey Enterprises, which runs a chain of blind and wallpaper stores and provides mail-order services, and Maintenance Warehouses, another direct-mail company — indicate that Mr. Blank is

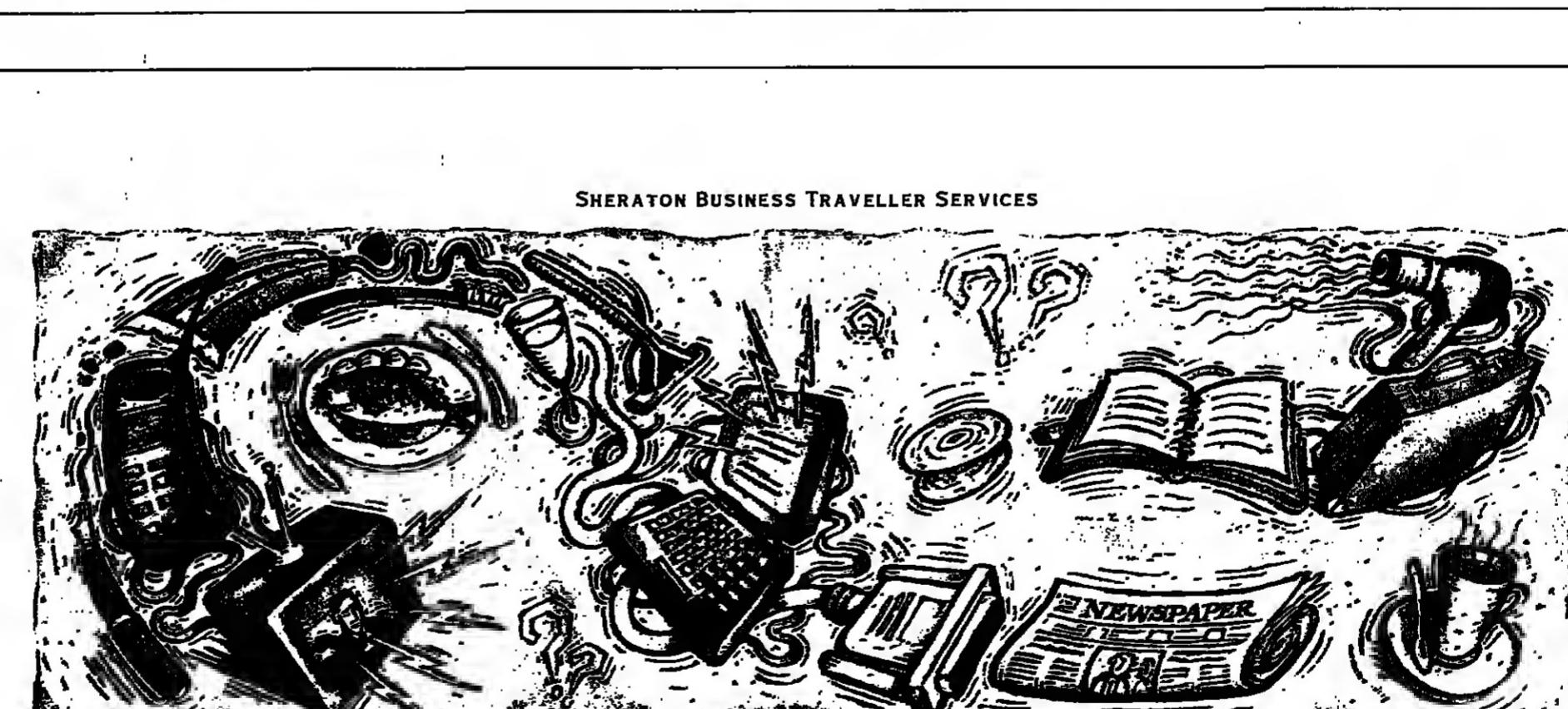
looking to stretch Home Depot's tentacles outside the retail box.

To support all this expansion, he has added some managers. At Home Depot, this is a new concept; it is famous for retaining employees for years, partly because they "bleed orange" — Home Depot is known for loyalty — and often because they have been given great stock options.

A typical midlevel executive might have started out

school and ended up a millionaire. "We don't have much success trying to recruit people out of Home Depot," says Kirk Palmer, who runs an executive search firm.

Many executives were used to reporting to Mr. Blank. But in the last few months, he installed two group presidents, one in charge of diversified businesses, the other in charge of direct marketing, as well as a new chief financial officer from AT&T Corp.



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Advertisement **INTERNATIONAL FUNDS**

May 13, 1998

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هكذا من الأصل

NASDAQ

Wednesday's 4 P.M.

The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press

NYSE

Wednesday's 4 P.M. Close
(Continued)

Herald Tribune INTERNATIONAL SPORTS

THURSDAY, MAY 14, 1998

WORLD ROUNDUP

Milan Buys Bierhoff

SOCCER Oliver Bierhoff, the German international striker, will move from Udinese to AC Milan next season, his agent, Claudio Pasqualini, said Wednesday.

The agent did not disclose terms but Milan is thought to be paying Udinese about 20 billion lire (\$11 million) for Bierhoff, the leading scorer of the Italian league with 25 goals. (AP)

Whale Slows Leader

SAILING Merit Cup took the lead in the eighth leg of the Whitbread round the world race Wednesday even though it had collided with a whale the day before.

Grant Dalton, the skipper, said there appeared to be only minor damage from the collision during the leg from Annapolis, Maryland, to La Rochelle, France.

"I am sure the whale is hurting more than us," Dalton said. "There was a lot of blood in the water. There was a very loud noise and the boat stopped dead. Then it gave us a flick with its tail before it swam away." (AP)

A Fight for the Ages

BOXING George Foreman, who is 49, and Larry Holmes, 48, two former heavyweight world champions have signed to fight each other, Roy Foreman, George's brother, said Wednesday.

The purses will reportedly be \$10 million for Foreman and \$4 million for Holmes. Neither the location nor the date of the fight has been set. Foreman will be 50 on Jan. 10; Holmes will be 49 on Nov. 3. (AP)

Miami Hot for Albert?

BASKETBALL The Miami Heat is reportedly interested in signing Marv Albert as a broadcaster for its TV games. "The Heat already have put out informal and preliminary feelings to Albert," the New York Daily News reported Wednesday.

Albert, a longtime National Basketball Association and New York Knicks announcer, was dismissed by the league in September after pleading guilty to misdemeanor assault charges in a sex case.

On Monday, the Heat fired David Halberstam, who was their radio broadcaster for six years. (AP)

Heading Into Danger

SOCCER Inexperienced players should wear protective head gear when heading a ball, said Glen Dods, a physiotherapist and the author of a review of injuries related to heading, which was published Wednesday. Dods, who played international soccer for New Zealand, said the practice was particularly risky for the young.

He said he found many players suffered early degeneration of the lower spine and some brain injuries similar to boxers. "I can generally pick an old soccer player by their bad ankles and groovy lower cervical spines," he said. (AP)

South Africa Accepts Deal To Resolve Rugby Crisis

Compiled by Our Staff From Dispatches

JOHANNESBURG — International rugby tours to South Africa can go ahead after the country's rugby officials and its controlling sports body resolved a bitter dispute Wednesday.

Muleki George, the president of the National Sports Council, said the two parties had agreed to appoint a commission of inquiry to investigate the South Africa Rugby Football Union.

He said rugby's suspension from the council would be lifted, and that an interim committee would be appointed to manage rugby's affairs. The committee will include Rian Oberholzer, rugby's chief executive. Oberholzer is the son-in-law of Louis Luyt who resigned Monday as the sport's president.

"From now on there will be nobody in rugby to throw a spanner into what we have agreed upon," said George.

The council had earlier said it would call for renewed international boycotts if the entire rugby executive did not follow Luyt and resign.

The council, and the South African government, had accused rugby in the country of nepotism, financial mismanagement and corruption.

The crisis had threatened to divide the sport along racial lines. But black administrators took comfort from the fact that a majority of rugby's executives, among them several whites, called on Luyt to quit last week.

Luyt launched a counterattack Wednesday in an interview with Volksblad, an Afrikaner-language newspaper.

Luyt said white officials had turned against him. "Spineless white people," he said. "I can put it no other way. There is no more marrow left in their bones. White people do not believe anymore that they can protect what is important to them."

Luyt is still president of the Golden Lions, formerly Transvaal, rugby union, the richest affiliate of the South African rugby union.

"I will cut off," he said. "No man is my master. I do not bend my knee for anybody other than my God."

John O'Neill, the managing director of the Australian Rugby Union, said Wednesday that Australia would complain to rugby's world governing body next week about the weak England side.

Norman, who underwent heart surgery in December, called for his trainer during the changeover after the first game of the second set. Play was held up for five minutes while the 21-year-old received a neck and arm massage. He said after the match that he had suffered cramps in both shoulders.

But Norman, who ended Sampras's French Open last year in the third round, returned to the court and battled the rest of the way, even bolding two break points as the American served for the match in the final game.

Sampras bad some trouble closing out each set. He held four set points on Norman's serve during the 13th game of the first set, but never broke through as the players went to a tiebreaker.

Sampras saved two set points, one with an ace measured at 197 kilometers per hour (122 miles per hour) before finally converting his own sixth set point. He got to 9-8 with another blis-

CROSSWORD

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 2 Heavy shop
 11 Like chop-shop vehicles
 14 Happen again
 15 H.U.D. Secretary
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 builder, briefly
 17 Gulf of Guayaquil
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 20 Exaggerated melodrama
 21 Like a wasteland
 24 Tractor treat
 25 Tupperware pieces
 28 Warm-hearted
 29 When clouded, an engine sound
 30 Summer center?
 31 "The Mephisto Waltz" star
 32 Botswanan blight
 34 Kotter's crew, in 70's TV
 35 Elbow
 36 Players
 40 Constellation need to Telescopium
 43 Mount near the Gulf of Catania
 44 "Voyage in the Dark" novelist
 46 Bearing
 48 Bette Midler film and song
 49 Makes harmless,
 50 Anthems and the Impenals
 51 Family
 52 Bandleader Shaw
 53 The "C" of C.S. Lewis
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 57 Patronizing term, maybe
 58 Primp the Decorative vessels
 59 "Nice —"
 60 Hole-making tool
 61 Even chance
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 63 "Oh My My" singer, 1974
 64 Money, slangly
 65 Landing piers
 66 One who "lov'd not wisely but too well"
 67 Enter like a burglar
 68 Travel agent's suggestion
 69 Staple —
 70 Office gizmo
 71 Word sung at a New Year's Eve party
 72 Message container, maybe
 73 Fred Astaire's birthplace
 74 Large intestine
 75 Familiars with new surroundings
 76 Income earner's concern
 77 Founder of the American Shakers
 78 Scruffs
 79 Where the Salmon River rises: Abbr.
 80 "Nice —"
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 92 They'll appear in tomorrow's paper
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ART BUCHWALD

The New, Caring IRS

WASHINGTON — After Internal Revenue Service hearings in Congress, the IRS has promised to change its attitude toward taxpayers. In the past the agents have been noted for beating people over the head and putting burning matches between their toes.

But the new commissioner has promised that his people will use the carrot instead of the stick. This is what you can expect when you receive a call from the IRS:



"Top of the morning to you, Mr. Dun," said Buchwald. "This is Fred Wedgewood from the Internal Revenue Service. How're the wife and the little ones?"

"OK, I guess."

"I received your return the other day, and it was a work of

art. I showed it to everyone in the office to illustrate what a tax form should look like. Unfortunately, you forgot to enclose a check for \$50,000 with it. It's embarrassing to ask you, but when were you planning on sending it?"

"I have no idea. I have to pay Visa and MasterCard or they'll cancel me, and they certainly come first."

"Right you are. Is there any chance you could pay us next year just to keep our books in order?"

"That's asking an awful lot. I sent a nice check last year. How often do you want the store to open on Friday morning?"

Nikolakis is betting that there will be life after "Seinfeld." The rest of the world, it seems, is betting against him. For this is the week when the obsessive-compulsive stand-up comic, his whiny pals and their \$36,000-a-second ramblings are being celebrated, venerated and widely debated at everything from historical-society seminars to comedy-club routines. After all, this is the week when the quintessentially self-involved quartet from "Seinfeld" goes the way of the barroom busybodies on "Cheers," and the final year's check was last year — and don't think it wasn't appreciated — but we would consider it an honor if you paid us for this year, but only if you can spare it."

"Last year's check was last year — and don't think it wasn't appreciated — but we would consider it an honor if you paid us for this year, but only if you can spare it."

"Well, if you want to know the truth, I lost the money in Atlantic City."

"Why didn't you say so? This makes you a special case, and we can work something out with our Hard Luck Division. Would you like to pay us \$200 a month?"

"No."

"How about \$100?"

"My wife spends a hundred dollars a month at the hairdresser."

"I wish we could come to an agreement. Our job here at the IRS is to make you happy. After all, you earned your money and we don't want you to think we're unfair just because we want our share. How about this. Send anything that you feel is reasonable."

"Maybe I will and maybe I won't."

"More than that we cannot ask. It's been wonderful talking to you. By the way, did you get the flowers we sent?"

After the 'Seinfeld Industrial Complex,' What?

By James Barron
New York Times Service

NEW YORK — The magazine that has rented Bill Nikolakis's place for a party Thursday night wants to rip off the plastic-topped tables and the vinyl benches and hang big TV monitors from the ceiling. You got a problem with that?

Yes, he does. "We tell them, 'Take them out, put them back,' they'll cancel me, and they certainly come first."

"Right you are. Is there any chance you could pay us next year just to keep our books in order?"

"That's asking an awful lot. I sent a nice check last year. How often do you want the store to open on Friday morning?"

Nikolakis is betting that there will be life after "Seinfeld." The rest of the world, it seems, is betting against him. For this is the week when the obsessive-compulsive stand-up comic, his whiny pals and their \$36,000-a-second ramblings are being celebrated, venerated and widely debated at everything from historical-society seminars to comedy-club routines. After all, this is the week when the quintessentially self-involved quartet from "Seinfeld" goes the way of the barroom busybodies on "Cheers," and the final year's check was last year — and don't think it wasn't appreciated — but we would consider it an honor if you paid us for this year, but only if you can spare it."

"Last year's check was last year — and don't think it wasn't appreciated — but we would consider it an honor if you paid us for this year, but only if you can spare it."

"Well, if you want to know the truth, I lost the money in Atlantic City."

"Why didn't you say so? This makes you a special case, and we can work something out with our Hard Luck Division. Would you like to pay us \$200 a month?"

"No."

"How about \$100?"

"My wife spends a hundred dollars a month at the hairdresser."

"I wish we could come to an agreement. Our job here at the IRS is to make you happy. After all, you earned your money and we don't want you to think we're unfair just because we want our share. How about this. Send anything that you feel is reasonable."

"Maybe I will and maybe I won't."

"More than that we cannot ask. It's been wonderful talking to you. By the way, did you get the flowers we sent?"

proach the finale of "M*A*S*H" in 1983, when the vast majority of viewers were tuned in, in the days before cable offered dozens of other choices.

Maybe it will, maybe it won't, but it will be hard to miss. It will be projected on the side of a building in St. Louis. It will be shown in the Boston bar that was the model for the one in "Cheers," the sitcom that used to fill the "Seinfeld" time slot.

"Seinfeld" has already been analyzed by Jungians and Freudians. "I've never felt this kind of emotional tie to a show before," said Harris Stratner, who was the moderator of a panel discussion at New York Hospital's psychiatric division in White Plains on Monday night.

The historians took their shot at the show on Tuesday night, at the New York Historical Society. "It draws on expectations of New York as a place of sophistication and a place where people are alienated from each other, borrowing in a way from Woody Allen," said the moderator, Grady Turner.

If anything, though, they came late to the rush to capitalize on "Seinfeld." The real Soup Nazi struck a deal months ago to appear on a home-shopping cable channel. The man who claims to be the real Costanza (and whose first name is Mike, not George) rushed his autobiography into print last week. And the real Kenny Kramer's tours of Seinfeld's New York are booked through June.

"Whoever thought Jerry Seinfeld quitting TV would be the biggest bonanza in my industry?" Kramer shouted as he stepped off a tour bus outside the Empire State Building last week.

Who else saw the publicity potential in "Seinfeld"? The Yankees. The team hired Wayne Knight, who played the postal worker Newman, to throw out the opening pitch on Wednesday night.

Liz Sheridan, who played Seinfeld's mother, was flown to New York for a Mother's Day promotion by the



Bill Nikolakis of Tom's: No "Seinfeld" mania for him.

parent company of Kentucky Fried Chicken among others.

Maxim, the upstart men's magazine that rented Nikolakis's restaurant, had plates made with color pictures of Tom's in the center. It sent them out as invitations to the party.

Entertainment Weekly devoted most of its May 4 issue to the show, grading all 168 episodes broadcast so far. It gave several episodes D's, including "The Puerto Rican Day" episode shown last week that was attacked as racist by some viewers. (NBC later apologized, saying it had not intended to offend anyone.)

People are preparing for life without new episodes of Kramer's get-rich-quick schemes by organizing Kramer look-alike contests and "Seinfeld" menus based on dishes consumed on camera. A Denver restaurant has put "Fusilli Jerry" on the Thursday night menu, commemorating an episode broadcast in April 1993 that showed Kramer making "penne Bette" for the guest star that week. Better Midler.

There are some Seinophobes out there, of course. One of the psychiatrists on Stratner's panel was

Richard McCarthy, an assistant clinical professor at Cornell University Medical School who described himself as "the doof white-bearded psychiatrist who doesn't get it."

"I never feel compelled to watch the show to its end," he said. "Typically, I'm a TV aholic, but not with this show. I came to the conclusion that I don't care about any of these characters."

But he has a bigger problem with the show. "I actually don't think that it's funny," he said.

As success in television always does, however, "Seinfeld" came to be about money. The "Seinfeld" audience — yuppies with disposable incomes — made it one of the highest-priced series on television. Ad executives say that 30 seconds of time on the finale will cost \$15 to \$17 million, which would beat the record set for the Super Bowl in January by \$200,000 to \$400,000.

"Seinfeld" has also been a long-running bonanza for local stations, whose ad rates are tied to the popularity of network programming. In New York, WNBC-TV has been charging more for its commercials Thursday evenings than for commercials shown on other nights of the week. And WHDH-TV, the NBC affiliate in Boston, raised rates for Thursday night.

"We're not happy to see Seinfeld go, of course," said R. Doolley, the station's public relations director. But not too sad. "When 'Cheers' went off the air, everyone felt, 'Oh my gosh, we're losing the staple,'" she said. "And that was when 'Seinfeld' was introduced. You never know what the breakaway hit will be. But there will be one."

As for Nikolakis, he is dreading the dismantling of the booth in his restaurant No "Seinfeld" mania for him: He sounds annoyed at having to work on his day off, and probably would not tune in if he were free.

"My wife doesn't like it that much," he explained, standing behind the 1960s cash register at the front counter. "She says, 'Only put it on to see the store.'"

Rioting
15,000 Soldiers

By Mark Landler

PARIS — French riot police have been deployed across the country to quell protests by soldiers who are demanding higher pay and better working conditions. The protests, which began on Tuesday, have spread to nearly 150 towns and cities, with some 15,000 soldiers taking part. The government has responded by increasing military spending and promising to improve working conditions. The protests are seen as a sign of growing discontent among the younger generation of soldiers.

By Keith B. Richburg

ATHENS — President Slobodan Milošević has been re-elected for a fifth term, defeating his main opposition candidate, Đukanović. Milošević's victory was seen as a victory for the pro-Western opposition. The election was marred by allegations of voter fraud and violence.

By Mark Landler

NEW YORK — The rock group R.E.M. has earned an award for its concern for historic buildings in Athens, Georgia. The Student Historic Preservation Organization of the University of Georgia presented the bassist Mike Mills with a plaque and a piece of plaster molding from the school's Demonstration Hall, which was built in 1824.

By Mark Landler

A judge ruled Wednesday that the Museum of Modern Art in New York may return two paintings to a foundation in Vienna that lent it the works, despite allegations that they were stolen by the Nazis. In a case that has alarmed the art world, District Attorney Robert Morgenthau had issued a subpoena barring the museum from sending the borrowed paintings, both by the artist Egon Schiele, back to the Leopold Foundation of Vienna. A New York State Supreme Court judge quashed the subpoena, but granted a two-week stay to give the district attorney's office time to decide whether it would appeal. Morgenthau acted after the families of previous owners of the two works, "Dead City III" and "Portrait of Wally," claimed they had been stolen from their relatives by the Nazis more than half a century ago.

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PHILADELPHIA — The Philadelphia Phillies have signed pitcher Steve Carlton to a one-year contract. Carlton, 43, is the oldest player in the major leagues. He has won 311 games in his career, including 20 or more in 11 seasons. The team is hoping he can help lead them to a World Series title.

By Mark Landler

LOS ANGELES — The Los Angeles Lakers have signed guard Steve Nash to a five-year, \$60 million contract. Nash, 24, averaged 15.5 points and 7.5 assists per game last season. The team is looking to build around Nash and Shaquille O'Neal.

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DETROIT — The Detroit Pistons have signed forward Grant Hill to a five-year, \$60 million contract. Hill, 28, averaged 20.3 points and 7.5 rebounds per game last season. The team is looking to build around Hill and Ben Wallace.

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CHICAGO — The Chicago Bulls have signed guard Steve Nash to a five-year, \$60 million contract. Nash, 24, averaged 15.5 points and 7.5 assists per game last season. The team is looking to build around Nash and Shaquille O'Neal.

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